

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 15, 1999

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RELIANT ENERGY, INCORPORATED  
(Exact name of registrant as specified in its charter)

Texas	1-3187	74-0694415
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1111 Louisiana	
Houston, Texas	77002
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 207-3000

Item 5. Other Events.

On September 15, 1999, Reliant Energy, Incorporated (the "Company") entered into an Underwriting Agreement covering the issue and sale of 17,167,381 of its 2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (the "ZENS"). The ZENS were registered under the Securities Act of 1933, as amended, pursuant to the shelf registration statement (Registration Statement No. 333-86403) of the Company.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

The following exhibits are filed herewith:

- 1.1 Underwriting Agreement, dated as of September 15, 1999, among the Company and Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Smith Barney Inc.
- 4.1 Subordinated Indenture, dated as of September 1, 1999, between the Company and Chase Bank of Texas, National Association, as Trustee.
- 4.2 Supplemental Indenture No. 1, dated as of September 1, 1999, providing for the issuance of the Company's 2.0% Zero-Premium Exchangeable Subordinated Notes due 2029.
- 4.3 Form of 2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (included in Exhibit 4.2 above).
- 8.1 Opinion of Baker & Botts, L.L.P. as to certain tax matters.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RELIANT ENERGY, INCORPORATED

Date: September 20, 1999

By: /s/ Mary P. Ricciardello

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Mary P. Ricciardello  
Senior Vice President and Comptroller

RELIANT ENERGY, INCORPORATED  
2% Zero-Premium Exchangeable Subordinated Notes due 2029

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Underwriting Agreement  
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September 15, 1999

Goldman, Sachs & Co.,  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Salomon Smith Barney Inc.  
As representatives of the several Underwriters  
c/o Goldman, Sachs & Co.,  
85 Broad Street,  
New York, New York 10004.

Ladies and Gentlemen:

Reliant Energy, Incorporated, a Texas corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to the Underwriters named in Schedule I hereto (the "Underwriters") an aggregate of 17,167,382 2% Zero-Premium Exchangeable Subordinated Notes due 2029 (the "Securities").

1. Representations and Warranties of the Company.  
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(a) The Company represents and warrants to, and agrees with, each of the Underwriters that:

(i) A registration statement on Form S-3, and an amendment thereto, with respect to the Securities (File No. 333-86403) including a prospectus (any preliminary prospectus included in such registration statement being hereinafter referred to as a "Preliminary Prospectus"), copies of which have been delivered to you, have been prepared and filed by the Company with the Securities and Exchange Commission (the "Commission") and have been declared effective under the Securities Act of 1933, as amended (the "Act"). No other document with respect to the registration statement (other than an acceleration request relating thereto and the Preliminary Supplemented Prospectus (as defined herein)) or document incorporated by reference therein has heretofore been filed or transmitted for filing with the Commission. No stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or, to the best knowledge of the Company, threatened by the Commission. Such registration statement (including all documents filed as part thereof or incorporated by reference therein, but excluding any Form T-1), as amended and supplemented at

the date of this Agreement, is hereinafter referred to as to the "Registration Statement." If it is contemplated, at the time this Agreement is executed, that a registration statement will be filed pursuant to Rule 462(b) under the Act prior to the Time of Delivery (hereinafter defined), the term "Registration Statement" as used in this Agreement includes such registration statement. The prospectus contained in the Registration Statement at the time the Registration Statement was declared effective is hereinafter referred to as the "Basic Prospectus."

The prospectus included in the Registration Statement, as amended and supplemented to the date of this Agreement (including all documents then incorporated by reference therein and including the Preliminary Supplemented Prospectus (hereinafter defined) as further supplemented by the Final Supplemented Prospectus (hereinafter defined)), is hereinafter referred to as the "Prospectus." Any reference herein to the Registration Statement, the Prospectus, a Preliminary Prospectus, the Basic Prospectus, the Preliminary Supplemented Prospectus or the Final Supplemented Prospectus shall be deemed to refer to and include the documents incorporated by reference therein, or deemed to be incorporated by reference therein, and filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or before the date of such Registration Statement, Prospectus, Preliminary Prospectus, Basic Prospectus, Preliminary Supplemented Prospectus or Final Supplemented Prospectus. Any reference herein to the terms "amend", "amendment" or "supplement" with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include, without limitation, the filing of any document under the Exchange Act deemed to be incorporated therein by reference after the date of such Registration Statement or Prospectus.

A prospectus supplement, subject to completion, dated September 13, 1999, to and including the Basic Prospectus (the "Preliminary Supplemented Prospectus") has been prepared and was filed pursuant to Rule 424 under the Act. A prospectus supplement, dated the date hereof, to and including the Basic Prospectus, setting forth the terms of the Securities and of their sale and distribution (the "Final Supplemented Prospectus") has been prepared and will be filed pursuant to Rule 424 under the Act.

(ii) The Registration Statement conforms, and any further amendments thereto will conform, in all material respects to the requirements of the Act and the Trust Indenture Act of 1939, as amended (the "TIA"), and the applicable rules and regulations of the Commission thereunder, and does not and will not, as of the applicable effective date of the Registration Statement and any amendment thereto, include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; on the date of the Preliminary Supplemented Prospectus, the Preliminary Supplemented Prospectus conformed in all material respects to the requirements of the Act and the applicable rules and regulations of the Commission thereunder, and did not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and no order preventing or suspending the use of the Preliminary Supplemented Prospectus has been issued by the Commission; and on the date of this Agreement, the Registration Statement and the Prospectus conform, and, at the Time of Delivery, they will conform, in all material respects to the requirements of the Act and the TIA and the applicable rules and regulations of the Commission thereunder, and, on the date of this Agreement, do not and, at the Time of Delivery, will not contain any untrue statement of a material

fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(iii) Each document filed or to be filed pursuant to the Exchange Act and incorporated by reference, or deemed to be incorporated by reference in the Prospectus (including any document to be filed pursuant to the Exchange Act which will constitute an amendment to the Prospectus) conformed or, when so filed, will conform in all material respects to the requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder, and none of such documents included or, when so filed, will include any untrue statement of a material fact or omitted or, when so filed, will omit to state any material fact required to be stated therein or necessary to make the statements therein (and, in the case of a document filed after the effective date of the Registration Statement and not treated as a post-effective amendment to the Registration Statement for purposes of the liability provisions of the Act, in the light of the circumstances under which they were made at the time of the filing of such document with the Commission) not misleading;

(iv) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Texas, with power and authority to own, lease and operate its properties and conduct its business as described in the Final Supplemented Prospectus;

(v) This Agreement has been duly authorized, executed and delivered by the Company;

(vi) The Securities have been duly authorized by the Company and, when executed and delivered pursuant to this Agreement and duly authenticated and delivered by the Trustee under the Indenture (each as herein defined), such Securities will be duly and validly issued and will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), and entitled to the benefits provided by the subordinated indenture to be dated as of September 1, 1999 (the "Indenture") between the Company and Chase Bank of Texas, National Association, as Trustee (the "Trustee"), under which they are to be issued, the Indenture has been duly authorized by the Company and, when executed and delivered by the Company and the Trustee, will constitute a valid and legally binding instrument, enforceable in accordance with its terms, subject as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); and the Securities and the Indenture conform to the descriptions thereof in the Final Supplemented Prospectus;

(vii) Neither the issue and sale of the Securities by the Company, the compliance by the Company with all of the provisions of this Agreement, the Securities and the Indenture nor the consummation of the transactions contemplated herein and therein (i) conflicts with or results in a breach or violation of any of the terms or provisions of, or constitutes a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property

or assets of the Company is subject, which conflict, breach, violation or default would, individually or in the aggregate, have a material adverse effect on the business, properties or financial condition of the Company (a "Material Adverse Effect"), (ii) violates the provisions of the Restated Articles of Incorporation or Amended and Restated By-Laws of the Company or (iii) violates any existing statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties, which violation would, individually or in the aggregate, have a Material Adverse Effect; the Commission has issued an order under the Act declaring the Registration Statement effective and qualifying the Indenture under the TIA and no other consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities by the Company or the consummation by the Company of the transactions contemplated by this Agreement and the Indenture, except such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Underwriters;

(viii) Neither the Company nor any of its subsidiaries is an "affiliate" (as defined for purposes of Section 2(11) of the Act) of Time Warner Inc., a Delaware corporation ("Time Warner"); neither the Company nor any of its subsidiaries has material non-public information with respect to Time Warner; and neither the Company nor any of its subsidiaries has the right to cause the registration of shares of common stock of Time Warner ("Time Warner Common Stock") under the Act;

(ix) The shares of Time Warner Common Stock owned by the Company are not "restricted securities" as that term is defined in Rule 144 under the Act; and

(x) The information regarding the year 2000 problem contained in the Company's reports filed under the Exchange Act which are incorporated by reference in the Prospectus are true in all material respects as of the dates of such filings.

## 2. Sale and Delivery.

(a) Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase, at a purchase price of \$57.085 per Security, plus accrued interest, if any, from September 21, 1999 to the Time of Delivery hereunder, the number of Securities set forth opposite the name of such Underwriter in Schedule I hereto.

(b) The Securities to be purchased by each Underwriter hereunder will be represented by one or more definitive global Securities in book-entry form which will be deposited by or on behalf of the Company with The Depository Trust Company ("DTC") or its designated custodian. The Company will deliver the Securities to Goldman, Sachs & Co., for the account of each Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same day) funds to a commercial bank account located in the United States and designated in writing at least forty-eight hours prior to the Time of Delivery by the Company to Goldman, Sachs & Co., by causing DTC to credit the Securities to the account of Goldman, Sachs & Co. at DTC. The Company will cause the global certificates representing the Securities to be made available to Goldman, Sachs & Co. for checking at least twenty-four hours

prior to the Time of Delivery at the office of DTC or its designated custodian (the "Designated Office"). The time and date of such delivery and payment shall be, with respect to the Securities, 9:30 a.m., New York City time, on September 21, 1999 or such other time and date as Goldman, Sachs & Co. and the Company may agree upon in writing (the "Time of Delivery").

(c) The documents to be delivered at the Time of Delivery by or on behalf of the parties hereto pursuant to Section 5 hereof, including the cross-receipt for the Securities and any additional documents requested by the Underwriters pursuant to Section 5(k) hereof, will be delivered at such time and date at the offices of Baker & Botts, L.L.P., 910 Louisiana, Houston, Texas 77002-4995 or such other location as Goldman, Sachs & Co. and the Company may agree in writing (the "Closing Location"), and the Securities will be delivered at the Designated Office, all at the Time of Delivery. A meeting will be held at the Closing Location at 1:00 P.M., local time or at such other time as Goldman, Sachs & Co. and the Company may agree in writing, on the New York Business Day next preceding the Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 2, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

### 3. Covenants and Agreements.

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The Company covenants and agrees with each of the Underwriters:

(a) To furnish without charge to the Underwriters a copy of the Registration Statement, including all documents incorporated by reference therein and exhibits filed with the Registration Statement (other than exhibits which are incorporated by reference and have previously been so furnished), and, during the period mentioned in paragraph (c) below, as many copies of the Preliminary Supplemented Prospectus and the Final Supplemented Prospectus and any documents incorporated by reference therein at or after the date thereof (including documents from which information has been so incorporated) and any supplements and amendments thereto as each Underwriter may reasonably request so long as such Underwriter is required to deliver a prospectus;

(b) To prepare and to file the Final Supplemented Prospectus pursuant to, and in compliance with, the applicable rules under the Act and to promptly advise the Underwriters (i) when any amendment to the Registration Statement shall have been filed; provided, that, with respect to documents filed pursuant to the Exchange Act and incorporated by reference into the Registration Statement, such notice shall only be required during such time as the Underwriters are required, in their reasonable opinion after consultation with counsel, to deliver a prospectus, (ii) of any request by the Commission for any amendment of the Registration Statement, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose, and (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. So long as any Underwriter is required, in its reasonable opinion after consultation with counsel, to deliver a prospectus, the Company will not file any amendment to the Registration Statement or supplement to the Prospectus unless the Company has furnished one copy of such

amendment or supplement to Goldman, Sachs & Co., and, if such amendment or supplement is to be filed on or prior to the Time of Delivery, or under circumstances where the Underwriters are required, in their reasonable opinion after consultation with counsel, to deliver a prospectus, the Underwriters shall not reasonably have objected thereto. If the Commission shall issue a stop order suspending the effectiveness of the Registration Statement, the Company will take such steps to obtain the lifting of that order as in the best judgment of the Company are not contrary to the interests of the Company;

(c) If, at any time when in any Underwriter's reasonable opinion, after consultation with counsel, the Prospectus is required by law to be delivered by such Underwriter or a dealer, any event shall occur as a result of which it is necessary, in the reasonable opinion of any Underwriter or the Company, after consultation with counsel, to amend or supplement the Prospectus or modify the information incorporated by reference therein in order to make the statements therein, in light of the circumstances existing when the Prospectus is delivered to a purchaser, not misleading, or if it shall be necessary in the reasonable opinion of any Underwriter or the Company, after consultation with counsel, to amend or supplement the Prospectus or modify such information to comply with law, to forthwith (i) prepare and furnish, at the Company's own expense, to the Underwriters and to the dealers (whose names and addresses the Underwriters will furnish to the Company) to whom Securities may have been sold by the Underwriters and to any other dealers upon reasonable request, either amendments or supplements to the Prospectus or (ii) file with the Commission documents incorporated by reference in the Prospectus, which shall be so supplied to the Underwriters and such dealers, in either case so that the statements in the Prospectus as so amended, supplemented or modified will not, in light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with law;

(d) To endeavor to qualify, at its expense, the Securities for offer and sale under the Securities or Blue Sky laws of such jurisdictions as the Underwriters shall reasonably request and to pay all filing fees, reasonable expenses and legal fees in connection therewith and in connection with the determination of the eligibility for investment of the Securities; provided, that, the Company shall not be required to qualify as a foreign corporation or a dealer in securities or to file any consents to service of process under the laws of any jurisdiction;

(e) To make generally available to its security holders as soon as practicable an earnings statement of the Company covering a twelve-month period beginning after the Time of Delivery which shall satisfy the provisions of Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including Rule 158 under the Act);

(f) During the period beginning on the date of this Agreement and continuing to and including the date 90 days after the date of this Agreement, the Company will not offer, sell, contract to sell or otherwise dispose of any Time Warner Common Stock, any securities of Time Warner which are substantially similar to shares of Time Warner Common Stock or any securities which are convertible into or exchangeable for Time Warner Common Stock or such substantially similar securities (except for the Securities issued pursuant to this Agreement) without the prior written consent of Goldman, Sachs & Co.; and

(g) To use commercially reasonable efforts to effect the listing of the Securities on a national securities exchange or the inclusion of the Securities on a national quotation system.

Commercially reasonable efforts shall not include the purchase of Securities by the Company or any of its affiliates or any efforts by the Company to cause the Securities to be held by more beneficial owners.

4. Expenses.

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The Company covenants and agrees with the several Underwriters that the Company will pay or cause to be paid the following: (i) all expenses in connection with the preparation, printing and filing of the Registration Statement as originally filed and of each amendment thereto; (ii) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the issue of the Securities and all other expenses in connection with the preparation, printing and filing of the Registration Statement, the Prospectus, the Preliminary Supplemented Prospectus, the Final Supplemented Prospectus and any amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (iii) all reasonable expense in connection with the qualification of the Securities, for offering and sale under state securities laws as provided in Section 3(d) hereof, including the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky and legal investment surveys; (iv) any fees charged by securities rating services for rating the Securities; (v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture and the Securities; (vii) any fees and expenses incurred in connection with the listing of the Securities on a national securities exchange or inclusion of the Securities on a national quotation system; and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 6 and 9 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of both firms (Skadden, Arps, Slate, Meagher & Flom LLP and Dewey Ballantine LLP) that are acting as their counsel and any advertising expenses connected with any offers they may make.

5. Conditions of Underwriters' Obligations.

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The obligations of the Underwriters hereunder shall be subject to the accuracy, at and (except as otherwise stated herein) as of the date hereof and at and as of the Time of Delivery, of the representations and warranties made herein by the Company, to compliance at and as of the Time of Delivery by the Company with its covenants and agreements herein contained and the other provisions hereof to be satisfied at or prior to the Time of Delivery, and to the following additional conditions:

(a) (i) The Preliminary Supplemented Prospectus and the Final Supplemented Prospectus shall have been filed with the Commission pursuant to, and in compliance with, the applicable rules under the Act; no stop order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose shall be pending before or threatened by the Commission, and the Underwriters shall have received on and as of the Time of Delivery, a certificate dated such date, signed by an executive officer (including, without limitation, the Treasurer) of the Company to the foregoing effect, and (ii) there shall have been no material adverse change in or affecting the business, properties or financial condition of the Company from that set forth in or contemplated by the Registration Statement at the time it became effective,

except as set forth in or contemplated by the Prospectus, and the Underwriters shall have received on and as of the Time of Delivery, a certificate dated such date, signed by an executive officer (including, without limitation, the Treasurer) of the Company to the foregoing effect. The officer or agent executing such certificate may rely upon the best of his or her knowledge as to any proceedings pending or threatened.

(b) Dewey Ballantine LLP, counsel for the Underwriters, shall have furnished to you such opinion or opinions addressing such matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters. In giving such opinion, such counsel may rely as to matters of Texas law upon the opinions of Baker & Botts, L.L.P. and Hugh Rice Kelly or Rufus Scott.

(c) Hugh Rice Kelly, Executive Vice President, General Counsel, and Corporate Secretary for the Company or Rufus Scott, Vice President, Deputy General Counsel and Assistant Corporate Secretary for the Company, shall have furnished to you his written opinion, dated such Time of Delivery, in form and substance satisfactory to you, to the effect that;

(i) The Company has been duly incorporated and is validly existing in good standing under the laws of the State of Texas and has corporate power and authority to enter into and perform its obligations under this Agreement and the Indenture;

(ii) No consent, approval, authorization or other order of, or registration with, any governmental regulatory body (other than such as may be required under applicable state securities laws, as to which such counsel need not express an opinion) is required for the issuance and sale of the Securities being delivered at such Time of Delivery or the consummation by the Company of the transactions contemplated by this Agreement and the Indenture;

(iii) To the best of such counsel's knowledge and other than as set forth or contemplated in the Prospectus, there are no legal or governmental proceedings pending or threatened to which Company is subject, which, individually or in the aggregate, are expected to have a material adverse effect on the financial position, shareholders' equity or results of operations of the Company;

(iv) The issuance by the Company of the Securities and the execution, delivery and performance by the Company of this Agreement and the Indenture will not result in the breach or violation of, or constitute a default under, the Restated Articles of Incorporation or the Amended and Restated Bylaws of the Company, each as amended to date, any indenture, mortgage, deed of trust or other agreement or instrument for borrowed money to which the Company is a party or by which it is bound or to which its property in subject or any law, order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or its property, in any manner which would have a material adverse effect on the business of the Company;

(v) The description of statutes and regulations set forth in Part I of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 under the captions "Business -- Regulation" and "Business-- Environmental Matters," as updated in the Forms 10-Q for the quarters ended March 31 and June 30, 1999 fairly describe in all material respects the portions of the statutes and regulations addressed thereby.

(d) Baker Botts, L.L.P., counsel for the Company, shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) Such counsel does not know of any contracts or documents of a character required to be described in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement which are not so described or filed;

(ii) The statements set forth in the Final Supplemented Prospectus under the caption "Description of the ZENS" and in the Basic Prospectus under the caption "Description of Our Debt Securities" accurately summarize in all material respects the terms of the Securities and the Indenture;

(iii) The Securities conform as to legal matters in all material respects to the description thereof contained in the Final Supplemented Prospectus, including, without limitation, under the caption "Description of the ZENS" and in the Basic Prospectus under the caption "Description of Our Debt Securities";

(iv) The Securities are in the form prescribed in or pursuant to the Indenture, have been duly and validly authorized by all necessary corporate action on the part of the Company and, when executed and delivered by the Company and authenticated by the Trustee as specified in or pursuant to the Indenture, will be valid and binding obligations of the Company, enforceable in accordance with their terms, except as such enforceability is subject to the effect of any applicable bankruptcy, insolvency, reorganization or other law relating to or affecting creditors' rights generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law); the Indenture has been duly authorized, executed and delivered by the Company and, when executed and delivered by the Trustee, will constitute a valid and binding obligation of the Company, enforceable in accordance with its terms, except as such enforceability is subject to the effect of any applicable bankruptcy, insolvency, reorganization or other law relating to or affecting creditors' rights generally and to general principles of equity (regardless of whether such enforceability is considered in proceeding in equity or at law);

(v) The Indenture has been duly qualified under the TIA;

(vi) The Registration Statement has become effective under the Act, and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted and are pending or are threatened by the Commission under the Act; the Registration Statement, as of its effective date, and the Final Supplemented Prospectus, as of its date, and any amendment or supplement thereto after the date hereof and prior to such Time of Delivery, as of the date thereof (except for (A) the operating statistics, financial statements and financial statement schedules contained or incorporated by reference therein (including the auditors' reports on the financial statements and the notes to the financial statements), (B) the other financial and statistical information contained or incorporated by reference therein and (C) the exhibits thereto, as to which such counsel need not express an opinion) complied as to form in all material respects with the requirements of Form S-3 under the Act and the applicable rules and regulations of the Commission thereunder, and each document incorporated by reference therein as originally

filed pursuant to the Exchange Act (except for (A) the operating statistics, financial statements and financial statement schedules contained or incorporated by reference therein (including the auditors' reports on the financial statements and the notes to the financial statements), (B) the other financial and statistical information contained or incorporated by reference therein and (C) the exhibits thereto, as to which such counsel need not express an opinion) when so filed complied as to form in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder; and

(vii) The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary corporate action on the part of the Company, and this Agreement has been duly executed and delivered by the Company.

In addition, such counsel shall state that no facts have come to the attention of such counsel that lead them to believe that the Registration Statement and any amendment made thereto prior to the time of such Time of Delivery (except for (A) the operating statistics, financial statements and financial statement schedules contained or incorporated by reference therein (including the auditors' reports on the financial statements and the notes to the financial statements, except to the extent that such notes describe legal or governmental proceedings to which the Company is a party and are incorporated by reference into one or more items of a report that is incorporated by reference in the Registration Statement or the Prospectus, other than an item that requires that financial statements be provided), (B) the other financial and statistical information contained or incorporated by reference therein and (C) the exhibits thereto, as to which such counsel need not comment) as of the time such Registration Statement became effective or such amendment was filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, and any amendment or supplement thereto made prior to such Time of Delivery (except for (A) the operating statistics, financial statements and financial statement schedules contained or incorporated by reference therein (including the auditors' reports on the financial statements and the notes to the financial statements, except to the extent that such notes describe legal or governmental proceedings to which the Company is a party and are incorporated by reference into one or more items of a report that is incorporated by reference in the Prospectus, other than an item that requires that financial statements be provided), (B) the other financial and statistical information contained or incorporated by reference therein and (C) the exhibits thereto, as to which such counsel need not comment), as of the date of the Final Supplemented Prospectus or such amendment or supplement contained, or as of the Time of Delivery contains, any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(e) Baker & Botts, L.L.P., special tax counsel for the Company, shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, to the effect that such firm confirms its opinion set forth in the Prospectus under the caption "Certain United States Federal Income Tax Considerations."

(f) At the time of execution of this Agreement, Deloitte & Touche LLP shall have furnished to you a letter dated the date of such execution, substantially in the form heretofore supplied and deemed satisfactory to you.

(g) At the Time of Delivery, Deloitte & Touche LLP shall have furnished you a letter, dated the Time of Delivery, to the effect that such accountants reaffirm, as of the Time of Delivery and as though made on the Time of Delivery, the statements made in the letter furnished by such accountants pursuant to paragraph (g) of this Section 5, except that the specified date referred to in such letter will be a date not more than five business days prior to the Time of Delivery.

(h) There shall have been no material adverse change in or affecting the business, properties or financial condition of Time Warner from that set forth in or contemplated by the publicly available documents referred to in the Registration Statement at the time it became effective.

(i) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Company's or Time Warner's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this paragraph (j) in the reasonable judgment of the Underwriters makes it impracticable to market the Securities, to proceed with the public offering or to deliver the Securities being issued at such Time of Delivery on the terms and in the manner contemplated in the Prospectus.

(j) The Company shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Company satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in the introductory paragraph to this Section 5 and subsection (a) of this Section and as to such other matters as you may reasonably request.

#### 6. Indemnification and Contribution.

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(a) The Company agrees to indemnify and hold harmless each Underwriter, and each person, if any, who controls each Underwriter within the meaning of the Act or the Exchange Act, against any losses, claims, damages, liabilities or expenses; (including the reasonable cost of investigating and defending against any claims therefore and counsel fees incurred in connection therewith), joint or several, which may be based upon either the Act, or the Exchange Act, or any other statute or at common law, on the ground or alleged ground that any Preliminary Supplemented Prospectus, Final Supplemented Prospectus, Preliminary Prospectus, the Registration Statement, the Basic Prospectus or the Prospectus (or any such document, as from time to time amended, or deemed to be amended, supplemented or modified) includes or allegedly includes an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, unless such statement or omission was made in reliance upon, and in conformity with, written information furnished to the Company by any Underwriter through Goldman, Sachs & Co. specifically for use in the preparation thereof; provided that in no case is the Company to be liable with respect to any claims made against any Underwriter or any such

controlling person unless such Underwriter or such controlling person shall have notified the Company in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon such Underwriter or such controlling person, but failure to notify the Company of any such claim shall not relieve it from any liability which it may have to such Underwriter or such controlling person otherwise than on account of the indemnity agreement contained in this paragraph; and provided, further, that the foregoing indemnity with respect to the Preliminary Prospectus, the Basic Prospectus, the Prospectus, the Preliminary Supplemented Prospectus and the Final Supplemented Prospectus shall not inure to the benefit of any Underwriter if a copy of the Preliminary Prospectus, the Basic Prospectus, the Prospectus, the Preliminary Supplemented Prospectus or the Final Supplemented Prospectus (as amended or supplemented) had not been sent or given by or on behalf of such Underwriter to the person asserting any such losses, claims, damages or liabilities concurrently with or prior to delivery of the written confirmation of the sale of Securities to such person and the untrue statement or omission of a material fact contained in any such Preliminary Prospectus, Basic Prospectus, Prospectus, Preliminary Supplemented Prospectus or Final Supplemented Prospectus was corrected in the Preliminary Prospectus, the Basic Prospectus, the Prospectus, the Preliminary Supplemented Prospectus or the Final Supplemented Prospectus (as amended or supplemented).

The Company will be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any such liability, but, if the Company elects to assume the defense, such defense shall be conducted by counsel chosen by it. In the event that the Company elects to assume the defense of any such suit and retains such counsel, the Underwriter or Underwriters or controlling person or persons, defendant or defendants in the suit, may retain additional counsel but shall bear the fees and expenses of such counsel unless (i) the Company shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include the Underwriter or Underwriters or controlling person or persons and the Underwriter or Underwriters or controlling person or persons have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to the Company, in which case the Company shall not be entitled to assume the defense of such suit on behalf of such Underwriter or Underwriters or controlling person or persons, notwithstanding their obligation to bear the reasonable fees and expenses of such counsel, it being understood, however, that the Company shall not, in connection with any one such suit or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time for all such Underwriters and their controlling persons, which firm shall be designated in writing by Goldman, Sachs & Co. The Company shall not be liable to indemnify any person for any settlement of any such claim effected without the Company's consent. The Company shall not, without the written consent of the Underwriter and/or controlling person entitled to indemnification under this Section 6(a), affect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not such Underwriter or controlling person is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of such Underwriter and/or controlling person from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of such Underwriter and/or controlling person. This indemnity agreement will be in addition to any liability, which the Company might otherwise have.

(b) Each Underwriter agrees to Indemnify and hold harmless the Company, each of the Company's directors, each of the Company's officers who have signed the Registration Statement and each person, if any, who controls the Company within the meaning of the Act or the Exchange Act, against any losses, claims, damages, liabilities or expenses (including the reasonable cost of investigating and defending against any claims therefor and counsel fees incurred in connection therewith), joint or several, which may be based upon the Act, or any other statute or at common law, on the ground or alleged ground that any Preliminary Supplemented Prospectus, Final Supplemented Prospectus, Preliminary Prospectus, the Registration Statement, the Basic Prospectus or the Prospectus (or any such document, as from time to time amended, or deemed to be amended, supplemented or modified) includes or allegedly includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, but only insofar as any such statement or omission was made in reliance upon, and in conformity with, written information furnished to the Company by such Underwriter through Goldman, Sachs & Co. specifically for use in the preparation thereof; provided that in no case is such Underwriter to be liable with respect to any claims made against the Company or any such director, officer or controlling person unless the Company or any such director, officer or controlling person shall have notified such Underwriter in writing within a reasonable time after the summons or other first legal process giving information of the nature of the claim shall have been served upon the Company or any such director, officer or controlling person, but failure to notify such Underwriter of any such claim shall not relieve it from any liability which it may have to the Company or any such director, officer or controlling person otherwise than on account of the indemnity agreement contained in this paragraph. Such Underwriter will be entitled to participate at its own expense in the defense, or, if it so elects, to assume the defense of any suit brought to enforce any such liability, but, if such Underwriter elects to assume the defense, such defense shall be conducted by counsel chosen by it. In the event that such Underwriter elects to assume the defense of any such suit and retain such counsel, the Company or such director, officer or controlling person, defendant or defendants in the suit, may retain additional counsel but shall bear the fees and expenses of such counsel unless (i) such Underwriter shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include the Company or any such director, officer or controlling person and such Underwriter and the Company or such director, officer, trustee or controlling person have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to such Underwriter, in which case such Underwriter shall not be entitled to assume the defense of such suit on behalf of the Company or such director, officer or controlling person, notwithstanding its obligation to bear the reasonable fees and expenses of such counsel, it being understood, however, that such Underwriter shall not, in connection with any one such suit or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one a separate firm of attorneys at any time for all of the Company and any such director, officer or controlling person, which firm shall be designated in writing by the Company. Such Underwriter shall not be liable to indemnify any person for any settlement of any such claim effected without such Underwriter's consent. Such Underwriter shall not, without the written consent of the Company or any such person, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless

such settlement, compromise or judgment (i) includes an unconditional release of the Company or any such person from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the Company or any such person. This indemnity agreement will be in addition to any liability which such Underwriter might otherwise have.

(c) If recovery is not available under Section 6(a) or 6(b) hereof, for any reason other than as specified therein, the parties entitled to indemnification by the terms thereof shall be entitled to contribution for liabilities and expenses, except to the extent that contribution is not permitted under Section 11(f) of the Act. In determining the amount of contribution to which the respective parties are entitled, there shall be considered the relative benefits received by each party from the offering of the Securities (taking into account the portion of the proceeds of the offering realized by each), the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and any other equitable considerations appropriate under the circumstances. The Company and the Underwriters agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation (even if the Underwriters were treated as one entity for such purpose). No Underwriters or any person controlling such Underwriters shall be obligated to make contribution hereunder which in the aggregate exceeds the total public offering price of the Securities purchased by such Underwriters under this Agreement, less the aggregate amount of any damages which such Underwriters and its controlling persons have otherwise been required to pay in respect of the same claim or any substantially similar claim. The Underwriters' obligations to contribute are several in proportion to their respective underwriting obligations, and not joint.

7. Substitution of Underwriters.  
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If any Underwriter shall default in its obligation to purchase the Securities which it has agreed to purchase hereunder and the aggregate number of such Securities which such defaulting Underwriter agreed but failed to purchase does not exceed 10% of the aggregate number of all the Securities, the non-defaulting Underwriters may make arrangements satisfactory to the Company for the purchase of the aggregate number of such Securities by other persons, including the non-defaulting Underwriters, but if no such arrangements are made prior to the Time of Delivery, the non-defaulting Underwriters shall be obligated severally in proportion to their respective commitments hereunder, to purchase the Securities which such defaulting Underwriter agreed but failed to purchase. If any Underwriter or Underwriters shall so default and the aggregate number of such Securities with respect to which such default or defaults occur is more than 10% of the aggregate number of all the Securities and arrangements satisfactory to the non-defaulting Underwriters and the Company for the purchase of such Securities by other persons are not made within 48 hours after such default, this Agreement will terminate.

If the non-defaulting Underwriter or substituted Underwriter or Underwriters are required hereby or agree to take up all or part of the Securities of the defaulting Underwriter as provided in this Section 7, (i) the Company shall have the right to postpone the Time of Delivery for a period of not more than five full business days, in order that the Company may effect whatever changes may thereby be made necessary in the Registration Statement or Prospectus or in any other documents or arrangements, and the Company agrees to promptly file any amendments to

the Registration Statement or supplements to the Prospectus which may thereby be made necessary, and (ii) the respective aggregate number of Securities which the non-defaulting Underwriters or substituted purchaser or purchasers shall thereafter be obligated to purchase shall be taken as the basis of their underwriting obligation for all purposes of this Agreement. Nothing herein contained shall relieve any defaulting Underwriter of its liability to the Company or the non-defaulting Underwriters for damages occasioned by its default hereunder. Any termination of this Agreement pursuant to this Section 7 shall be without liability on the part of the non-defaulting Underwriters or the Company, other than as provided in Sections 6 and 9.

8. Survival of Indemnities, Representations, Warranties, etc.  
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The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Securities.

9. Termination.  
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If this Agreement shall be terminated by the Underwriters, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the respective indemnities shall remain in full force and effect and the Company will reimburse the Underwriter or such Underwriters as have so terminated this Agreement with respect to themselves for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by them in connection with the transactions contemplated by this Agreement.

10. Notices.  
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In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you.

All statements, requests, notices and agreements hereunder shall be in writing, and (i) if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you in care of Goldman, Sachs & Co., 85 Broad Street, New York, New York 10004, Attention: Registration Department; (ii) if to the Company shall be delivered or sent by mail, telex or facsimile transmission to Reliant Energy, Incorporated, 1111 Louisiana, Houston, Texas 77002, Attention: Assistant Treasurer. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

11. Successors.  
-----

This Agreement shall inure to the benefit of and be binding upon the several Underwriters and the Company and their respective successors and the directors, officers and

controlling persons referred to in Section 6 of this Agreement. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person other than the persons mentioned in the preceding sentence any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained; this Agreement and all conditions and provisions hereof being intended to be, and being, for the sole and exclusive benefit of such persons and for the benefit of no other person; except that the representations, warranties, covenants, agreements and indemnities of the Company contained in this Agreement shall also be for the benefit of the person or persons, if any, who control any Underwriter within the meaning of the Act or the Exchange Act, and the representations, warranties, covenants, agreements and indemnities of the several Underwriters shall also be for the benefit of each director of the Company, each person who has signed the Registration Statement and the person or persons, if any, who control the Company within the meaning of the Act.

12. Applicable Law.

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

13. Counterparts.

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This Agreement may be executed by any one more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us seven counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement between each of the Underwriters and the Company. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

Reliant Energy, Incorporated

By: /s/ Stephen W. Naeve

-----  
Name: Stephen W. Naeve  
Title: Vice Chairman and  
Chief Financial Officer

Accepted as of the date hereof:  
Goldman, Sachs & Co.  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Salomon Smith Barney Inc.

By: /s/ Goldman, Sachs & Co.

-----  
(Goldman, Sachs & Co.)

On behalf of each of the Underwriters

SCHEDULE I

Underwriters	Total Number of Securities
-----	-----
Goldman, Sachs & Co.	14,592,274*
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,287,554
Salomon Smith Barney Inc.	1,287,554
-----	-----
Total	17,167,382

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\*The Company is hereby granted the right to reduce the number of Securities sold to Goldman, Sachs, & Co. by an amount equal to one Security.

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RELIANT ENERGY, INCORPORATED

To

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION,  
Trustee

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SUBORDINATED INDENTURE

Dated as of September 1, 1999

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CERTAIN SECTIONS OF THIS INDENTURE RELATING TO  
SECTIONS 310 THROUGH 318,  
INCLUSIVE, OF THE TRUST INDENTURE ACT OF 1939:

TRUST INDENTURE ACT SECTION	INDENTURE SECTION(S)
Section 310(a) (1) .....	609
(a) (2) .....	609
(a) (3) .....	Not Applicable
(a) (4) .....	Not Applicable
(b) .....	608, 610
Section 311(a) .....	613
(b) .....	613
Section 312(a) .....	701, 702
(b) .....	702
(c) .....	702
Section 313(a) .....	703
(b) .....	703
(c) .....	703
(d) .....	703
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(a) (4) .....	101, 1004
(b) .....	Not Applicable
(c) (1) .....	102
(c) (2) .....	102
(c) (3) .....	Not Applicable
(d) .....	Not Applicable
(e) .....	102
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(d) .....	601
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(b) .....	1003
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NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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SUBORDINATED INDENTURE (herein called this "Indenture"), dated as of September 1, 1999, between Reliant Energy, Incorporated, a corporation duly organized and existing under the laws of the State of Texas (herein called the "Company"), having its principal office at 1111 Louisiana, Houston, Texas 77002, and Chase Bank of Texas, National Association, a national banking association duly organized and existing under the laws of the United States of America, as Trustee (herein called the "Trustee").

#### RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its subordinated debentures, notes or other evidences of indebtedness (herein called the "Securities"), to be issued in one or more series as in this Indenture provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of any series thereof, as follows:

#### ARTICLE ONE

##### DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

##### SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States of America, and, except as otherwise herein expressly provided, the term "generally accepted

accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States of America at the date of such computation, provided that when two or more principles are so generally accepted, it

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shall mean that set of principles consistent with those in use by the Company;

(4) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or a Section, as the case may be, of this Indenture; and

(5) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 614 to act on behalf of the Trustee to authenticate Securities of one or more series.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of that board.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors, or such committee of the Board of Directors or officers of the Company to which authority to act on behalf of the Board of Directors has been delegated, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close.

"Commission" means the Securities and Exchange Commission, from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" mean, respectively, a written request or order signed in the name of the Company by its Chairman of the Board, its Vice Chairman of the Board, its Chief Financial Officer, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Corporate Trust Office" means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, as follows: (a) for payment, registration, transfer and exchange of the Securities: One Main Place, 1201 Main Street, 18th Floor, Dallas, Texas 75202, Attention: Registered Bond Events; telephone: (214) 672-5125 or (800) 275-2048; telecopier: (214) 672-5746; and (b) for all other communications relating to the Securities: 600 Travis Street, Suite 1150, Houston, Texas 77002, Attention: Global Trust Services; telephone: (713) 216-5712; telecopier: (713) 216-5476.

"corporation" means a corporation, association, company, joint-stock company or business trust.

"Covenant Defeasance" has the meaning specified in Section 1403.

"Debt" means, with respect to any Person at any date of determination (without duplication), (i) all indebtedness of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations incurred in connection with the acquisition of property, assets or businesses, (iii) all obligations of such Person in respect of letters of credit or bankers' acceptances or other similar instruments (or reimbursement obligations thereto) issued on the account of such Person, (iv) all obligations of such Person to pay the deferred purchase price of property or services, except Trade Payables, (v) all obligations of such Person as lessee under capitalized leases, (vi) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person; provided that, for purposes of determining the amount of any Debt of the type described in this clause (vi), if recourse with respect to such Debt is limited to such asset, the amount of such Debt shall be limited to the lesser of the fair market value of such asset or the amount of such Debt, (vii) all Debt of others Guaranteed by such Person to the extent such Debt is Guaranteed by such Person, and (viii) to the extent not otherwise included in this definition, all obligations of such Person for claims in respect of derivative products, including interest rate, foreign exchange rate and commodity prices, forward contracts, options, swaps, collars and similar arrangements.

"Defaulted Interest" has the meaning specified in Section 307(a).

"Defeasance" has the meaning specified in Section 1402.

"Depository" means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency registered under the Exchange Act that is designated to act as Depository for such Securities as contemplated by Section 301.

"Event of Default" has the meaning specified in Section 501.

"Exchange Act" means the Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time.

"Exchange Rate" has the meaning specified in Section 501.

"Expiration Date" has the meaning specified in Section 104.

"Extension Notice" has the meaning specified in Section 308.

"Extension Period" has the meaning specified in Section 308.

"Final Maturity" has the meaning specified in Section 308.

"Global Security" means a Security that evidences all or part of the Securities of any series and bears the legend set forth in Section 204 (or such legend as may be specified as contemplated by Section 301 for such Securities).

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Holder" means a Person in whose name a Security is registered in the Security Register.

"Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term "Indenture"

shall also include the terms of particular series of Securities established as contemplated by Section 301.

"interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Investment Company Act" means the Investment Company Act of 1940 and any statute successor thereto, in each case as amended from time to time.

"Lien" means, with respect to any property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such property. For purposes of this Indenture, the Company shall be deemed to own subject to a Lien any property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security or an installment of principal or premium, if any, becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Maximum Interest Rate" has the meaning specified in Section 311.

"Notice of Default" means a written notice of the kind specified in Section 501(4).

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the Chief Executive Officer, a Vice Chairman of the Board, the Chief Financial Officer, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company (and who may be an employee of the Company), and who shall be acceptable to the Trustee.

"Optional Reset Date" has the meaning specified in Section 307(b).

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Original Stated Maturity" has the meaning specified in Section 308.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(1) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(2) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and irrevocably segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are

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to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(3) Securities as to which Defeasance has been effected pursuant to Section 1402; and

(4) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company; provided, however, that in determining whether the Holders of the requisite

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principal amount of the Outstanding Securities have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date, (A) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding shall be the amount of the principal thereof which would be due and payable as of such date upon acceleration of the Maturity thereof to such date pursuant to Section 502, (B) if, as of such date, the principal amount payable at the Stated Maturity of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 301, (C) the principal amount of a Security denominated in one or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the U.S. dollar equivalent, determined as of such date in the manner provided as contemplated by Section 301, of the principal amount of such Security (or, in the case of a Security described in Clause (A) or (B) above, of the amount determined as provided in such Clause), and (D) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee

is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of or any premium or interest on any Securities on behalf of the Company. The Company initially authorizes and appoints the Company as the Paying Agent for the Securities.

"Person" means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 301.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

"Repayment Date" means, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment by or pursuant to this Indenture.

"Reset Notice" has the meaning specified in Section 307(b).

"Responsible Officer", when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Securities Act" means the Securities Act of 1933 and any statute successor thereto, in each case as amended from time to time.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Senior Debt" means the principal of (and premium, if any) and interest on and all other amounts due in connection with all Debt of the Company whether created, incurred or assumed before, on or after the date of this Indenture; provided that such Senior Debt shall not include (i) Debt of the Company to any Subsidiary, (ii) any series of Securities, (iii) Trade Payables of the Company, (iv) Debt of the Company that, when incurred and without respect to any election under Section 1111(b) of Title 11, U.S. Code, was without recourse to the Company, and (v) any other Debt of the Company which by the terms of the instrument creating or evidencing the same is specifically designated as being subordinated to or pari passu with the Securities.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307(a).

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or premium, if any, or interest thereon, means the date specified in such Security as the fixed date on which the principal of or premium, if any, on such Security or such installment of principal or interest is due and payable.

"Subsequent Interest Period" has the meaning specified in Section 307(b).

"Subsidiary" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; provided, however, that in -----  
the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"U.S. Government Obligation" has the meaning specified in Section 1404.

"Vice President", when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

"Yield to Maturity" means the yield to maturity, computed at the time of issuance of a Security (or, if applicable, at the most recent redetermination of interest on such Security) and as set forth in such Security in accordance with generally accepted United States bond yield computation principles.

#### SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act. Each such certificate or opinion shall be given in the form of an Officers' Certificate, if to be given by an officer of the Company, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirements set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, the individual has made or caused to be made such examination or investigation as is necessary to enable such individual to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons may certify or give an opinion as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such officer's certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders; Record Dates.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved in any reasonable manner which the Trustee deems sufficient. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

The ownership of Securities shall be proved by the Security Register.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

The Company may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series, provided that the

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Company may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take the relevant action, whether or not such Holders remain Holders after such record date; provided that no such action shall be

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effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Company from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be canceled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Company, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to join in the giving or making of (i) any Notice of Default, (ii) any declaration of acceleration referred to in Section 502, (iii) any request to institute proceedings referred to in Section 507(2) or (iv) any direction referred to in Section 512, in each case with respect to Securities of such series. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of such series on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; provided that no such

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action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be canceled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders

of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Company's expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Company in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

With respect to any record date set pursuant to this Section, the party hereto which sets such record dates may designate any day as the "Expiration Date" and from time to time may change the Expiration Date to any earlier or later day; provided that no such change shall be effective unless

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notice of the proposed new Expiration Date is given to the other party hereto in writing, and to each Holder of Securities of the relevant series in the manner set forth in Section 106, on or prior to the existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the party hereto which set such record date shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents, each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

SECTION 105. Notices, Etc., to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security

Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

#### SECTION 107. Conflict with Trust Indenture Act.

If any provision of this Indenture limits, qualifies or conflicts with a provision of the Trust Indenture Act which is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act which may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

#### SECTION 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

#### SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

#### SECTION 110. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

#### SECTION 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities (other than a provision of any Security which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, and no additional interest shall accrue as the result of such delayed payment.

ARTICLE TWO

SECURITY FORMS

SECTION 201. Forms Generally.

The Securities of each series and the Trustee's certificate of authentication shall be in substantially the form set forth in this Article, or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with applicable tax laws or the rules of any securities exchange or automated quotation system on which the Securities of such series may be listed or traded or Depository therefor or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The definitive Securities of each series shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods, if required by any securities exchange or automated quotation system on which the Securities of such series may be listed or traded, on steel engraved borders or may be produced in any other manner permitted by the rules of any securities exchange or automated quotation system on which the Securities of such series may be

listed or traded, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 202. Form of Face of Security.

[INSERT ANY LEGEND REQUIRED BY THE INTERNAL REVENUE CODE AND THE REGULATIONS THEREUNDER.]

RELIANT ENERGY, INCORPORATED

(Title of Security)

No. \_\_\_\_\_

\$ \_\_\_\_\_  
CUSIP No. \_\_\_\_\_

Reliant Energy, Incorporated, a corporation duly organized and existing under the laws of the State of Texas (herein called the "Company", which term includes any successor Person under the Subordinated Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ interest prior to Maturity, insert --, and to pay interest thereon from \_\_\_\_\_ or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on \_\_\_\_\_ and \_\_\_\_\_ in each year, commencing \_\_\_\_\_, at the rate of \_\_\_\_\_% per annum, until the principal hereof is paid or made available for payment [if applicable, insert -- provided that any principal and premium, and any such installment of ----- interest, which is overdue shall bear interest at the rate of \_\_\_\_\_% per annum (to the extent permitted by applicable law), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand]. [If applicable, insert -- The amount of interest payable for any period shall be computed on the basis of twelve 30-day months and a 360-day year. The amount of interest payable for any partial period shall be computed on the basis of a 360-day year of twelve 30-day months and the days elapsed in any partial month. In the event that any date on which interest is payable on this Security is not a Business Day, then a payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. A "Business Day" shall mean, when used with respect to any Place of Payment, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close.] The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the \_\_\_\_\_

or \_\_\_\_\_ (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Securities of this series may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, all as more fully provided in said Indenture.

[If the Security is not to bear interest prior to Maturity, insert -- The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal and any overdue premium shall bear interest at the rate of \_\_\_\_\_% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment. Interest on any overdue principal or premium shall be payable on demand.]

Payment of the principal of (and premium, if any) and [if applicable, insert -- any such] interest on this Security will be made at the office or agency of the Company maintained for that purpose in \_\_\_\_\_, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts [if applicable, insert -- ; provided, however, that at the option of the Company payment of interest may be - - - - - made (i) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (ii) by wire transfer in immediately available funds at such place and to such account as may be designated in writing by the Person entitled thereto as specified in the Security Register].

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: \_\_\_\_\_

RELIANT ENERGY, INCORPORATED

By: \_\_\_\_\_

Attest:

\_\_\_\_\_

SECTION 203. Form of Reverse of Security.

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under a Subordinated Indenture, dated as of September 1, 1999 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Chase Bank of Texas, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof [if applicable, insert --, limited in aggregate principal amount to \$\_\_\_\_\_]; provided, however, that -----

the authorized aggregate principal amount of the Securities may be increased above such amount by a Board Resolution to such effect].

[If applicable, insert-- The interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) on this Security may be reset by the Company on \_\_\_\_\_ (each an "Optional Reset Date"). The Company may exercise such option with respect to this Security by notifying the Trustee of such exercise at least 50 but not more than 60 days prior to an Optional Reset Date for this Security. Not later than 40 days prior to each Optional Reset Date, the Trustee shall transmit, in the manner provided for in Section 106 of the Indenture, to the Holder of this Security a notice (the "Reset Notice") indicating whether the Company has elected to reset the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable), and if so (i) such new interest rate (or such new spread or spread multiplier, if applicable) and (ii) the provisions, if any, for redemption during the period from such Optional Reset Date to the next Optional Reset Date or if there is no such next Optional Reset Date, to the Stated Maturity of this Security (each such period a "Subsequent Interest Period"), including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the Subsequent Interest Period.

Notwithstanding the foregoing, not later than 20 days prior to the Optional Reset Date, the Company may, at its option, revoke the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) provided for in the Reset Notice and establish an interest rate (or a spread or spread multiplier used to calculate such interest rate, if applicable) that is higher than the interest rate (or the spread or spread multiplier, if applicable) provided for in the Reset Notice, for the Subsequent Interest Period by causing the Trustee to transmit, in the manner provided for in Section 106 of the Indenture, notice of such higher interest rate (or such higher spread or spread multiplier, if applicable) to the Holder of this Security. Such notice shall be irrevocable. All Securities of this series with respect to which the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) is reset on an Optional Reset Date, and with respect to which the Holders of such Securities have not tendered such Securities for repayment (or have validly revoked any such tender) pursuant to the next succeeding paragraph, will bear such higher interest rate (or such higher spread or spread multiplier, if applicable).

The Holder of this Security will have the option to elect repayment by the Company of the principal of this Security on each Optional Reset Date at a price equal to the principal amount hereof plus interest accrued to such Optional Reset Date. In order to obtain repayment on an Optional Reset Date, the Holder must follow the procedures set forth in Article Thirteen of the Indenture for repayment at the option of Holders except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to such Optional Reset Date and except that, if the Holder has tendered this Security for repayment pursuant to the Reset Notice, the Holder may, by written notice to the Trustee, revoke such tender or repayment until the close of business on the tenth day before such Optional Reset Date.]

[If applicable, insert -- The Stated Maturity of this Security may be extended at the option of the Company for \_\_\_\_\_ (each an "Extension Period") up to but not beyond \_\_\_\_\_ (the "Final Maturity"). The Company may exercise such option with respect to this Security by notifying the Trustee of such exercise at least 50 but not more than 60 days prior to the Stated Maturity of this Security in effect prior to the exercise of such option (the "Original Stated Maturity"). If the Company exercises such option, the Trustee shall transmit, in the manner provided for in Section 106 of the Indenture, to the Holder of this Security not later than 40 days prior to the Original Stated Maturity a notice (the "Extension Notice") indicating (i) the election of the Company to extend the Maturity, (ii) the new Stated Maturity, (iii) the interest rate applicable to the Extension Period and (iv) the provisions, if any, for redemption during such Extension Period. Upon the Trustee's transmittal of the Extension Notice, the Stated Maturity of this Security shall be extended automatically and, except as modified by the Extension Notice and as described in the next paragraph, this Security will have the same terms as prior to the transmittal of such Extension Notice.

Notwithstanding the foregoing, not later than 20 days before the Original Stated Maturity of this Security, the Company may, at its option, revoke the interest rate provided for in the Extension Notice and establish a higher interest rate for the Extension Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate to

the Holder of this Security. Such notice shall be irrevocable. All Securities of this series with respect to which the Stated Maturity is extended will bear such higher interest rate.

If the Company extends the Maturity of this Security, the Holder will have the option to elect repayment of this Security by the Company on the Original Stated Maturity at a price equal to the principal amount hereof, plus interest accrued to such date. In order to obtain repayment on the Original Stated Maturity once the Company has extended the Maturity hereof, the Holder hereof must follow the procedures set forth in Article Thirteen of the Indenture for repayment at the option of Holders, except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to the Original Stated Maturity and except that, if the Holder has tendered this Security for repayment pursuant to an Extension Notice, the Holder may, by written notice to the Trustee, revoke such tender for repayment until the close of business on the tenth day before the Original Stated Maturity.]

[If applicable, insert -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, [if applicable, insert -- (1) on \_\_\_\_\_ in any year commencing with the year \_\_\_\_\_ and ending with the year \_\_\_\_\_ through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal amount, and (2)] at any time [if applicable, insert -- on or after \_\_\_\_\_, 19\_\_], as a whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [if applicable, insert -- on or before \_\_\_\_\_, \_\_\_\_\_%, and if redeemed] during the 12-month period beginning \_\_\_\_\_ of the years indicated,

Year	Redemption Price	Year	Redemption Price
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and thereafter at a Redemption Price equal to \_\_\_\_\_% of the principal amount, together in the case of any such redemption [if applicable, insert -- (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert -- The Securities of this series are subject to redemption upon not less than 30 days' notice by mail, (1) on \_\_\_\_\_ in any year commencing with the year \_\_\_\_\_ and ending with the year \_\_\_\_\_ through operation of the sinking fund for this series at the

Redemption Prices for redemption through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below, and (2) at any time [if applicable, insert -- on or after \_\_\_\_\_], as a whole or in part, at the election of the Company, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below: If redeemed during the 12-month period beginning \_\_\_\_\_ of the years indicated,

Year ----	Redemption Price For Redemption Through Operation of the Sinking Fund -----	Redemption Price For Redemption Otherwise Than Through Operation of the Sinking Fund -----
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and thereafter at a Redemption Price equal to \_\_\_\_\_% of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert -- Notwithstanding the foregoing, the Company may not, prior to \_\_\_\_\_, redeem any Securities of this series as contemplated by [if applicable, insert -- Clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted financial practice) of less than \_\_\_\_\_% per annum.]

[If applicable, insert -- The sinking fund for this series provides for the redemption on \_\_\_\_\_ in each year beginning with the year \_\_\_\_\_ and ending with the year \_\_\_\_\_ of [if applicable, insert -- not less than \$\_\_\_\_\_ ("mandatory sinking fund") and not more than] \$\_\_\_\_\_ aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Company otherwise than through [if applicable, insert -- mandatory] sinking fund payments may be credited against subsequent [if applicable, insert -- mandatory] sinking fund payments otherwise required to be made [if applicable, insert --, in the inverse order in which they become due].]

[If the Security is subject to redemption of any kind, insert -- In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor

for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[If applicable, insert -- The Securities of this series are not subject to redemption by the Company prior to their Stated Maturity and will not be entitled to the benefit of any sinking fund.]

The Indenture contains provisions for satisfaction and discharge of the entire indebtedness of this Security upon compliance by the Company with certain conditions set forth in the Indenture.

[If applicable, insert -- The Indenture contains provisions for defeasance at any time of [the entire indebtedness of this Security] [or] [certain restrictive covenants and Events of Default with respect to this Security] [, in each case] upon compliance with certain conditions set forth in the Indenture.]

[If the Security is not an Original Issue Discount Security, insert -- If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[If the Security is an Original Issue Discount Security, insert -- If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to -- insert formula for determining the amount. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal, premium and interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of and premium and interest, if any, on the Securities of this series shall terminate.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$\_\_\_\_\_ and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

The Securities of this series are subordinated in right of payment to Senior Debt as provided in Article Sixteen of the Indenture.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

THE INDENTURE AND THIS SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

SECTION 204. Form of Legend for Global Securities.

Unless otherwise specified as contemplated by Section 301 for the Securities evidenced thereby, every Global Security authenticated and delivered hereunder shall, in addition to the provisions contained in Sections 202 and 203, bear a legend in substantially the following form:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

SECTION 205. Form of Trustee's Certificate of Authentication'.

The Trustee's certificates of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: \_\_\_\_\_

\_\_\_\_\_  
As Trustee

By: \_\_\_\_\_  
Authorized Signatory

ARTICLE THREE

THE SECURITIES

SECTION 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution and, subject to Section 303, set forth, or determined in the manner provided, in an Officers' Certificate or in a Company Order, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906 or 1107 and except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder); provided, however, that the

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authorized aggregate principal amount of such series may be increased above such amount by a Board Resolution to such effect;

(3) the date or dates on which the principal of any Securities of the series is payable, or the method by which such date or dates shall be determined or extended;

(4) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue, or the method by which such date or dates shall be determined, the Interest Payment Dates on which such interest shall be payable and the Regular Record Date, if any, for the interest payable on any Interest Payment Date, or the method by which such date or dates shall be determined, and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months, the right, if any, to extend or defer interest payments and the duration of such extension or deferral;

(5) the place or places where the principal of and any premium and interest on any Securities of the series shall be payable, the place or places where the Securities of such series may be presented for registration of transfer or exchange, and the place or places where notices and demands to or upon the Company in respect of the Securities of such series may be made;

(6) the period or periods within or the date or dates on which, the price or prices at which and the term and conditions upon which any Securities of the series may be redeemed, in whole or in part, at the option of the Company and, if other than by a Board Resolution, the manner in which any election by the Company to redeem the Securities shall be evidenced;

(7) the obligation or the right, if any, of the Company to redeem or purchase any Securities of the series pursuant to any sinking fund, amortization or analogous provisions or at the option of the Holder thereof and the period or periods within which, the price or prices at which, the currency or currencies (including currency unit or units) in which and the other terms and conditions upon which any Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(8) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which any Securities of the series shall be issuable;

(9) if the amount of principal of or any premium or interest on any Securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts shall be determined;

(10) if other than the currency of the United States of America, the currency, currencies or currency units, including composite currencies, in which the principal of or any premium or interest on any Securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of the United States of America for any purpose, including for purposes of the definition of "Outstanding" in Section 101;

(11) if the principal of or any premium or interest on any Securities of the series is to be payable, at the election of the Company or the Holder thereof, in one or more currencies or currency units other than that or those in which such Securities are stated to be payable, the currency, currencies or currency units in which the principal of or any premium or interest on such Securities as to which such election is made shall be payable, the period or periods within or the date or dates on which and the terms and conditions upon which such election is to be made and the amount so payable (or the manner in which such amount shall be determined);

(12) the percentage of the principal amount at which such Securities will be issued and, if other than the principal amount thereof, the portion of the principal amount of Securities of the series that shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502 or the method by which such portion shall be determined;

(13) if the principal amount payable at the Stated Maturity of any Securities of the series will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the principal amount of such Securities as of any such

date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be deemed to be Outstanding as of any date prior to the Stated Maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);

(14) if applicable, that the Securities of the series, in whole or any specified part, shall not be defeasible or shall be defeasible in a manner varying from Section 1402 and Section 1403 and, if other than by a Board Resolution, the manner in which any election by the Company to defease such Securities shall be evidenced;

(15) whether the Securities of the series, or any portion thereof, shall initially be issuable in the form of a temporary Global Security representing all or such portion of the Securities of such series and provisions for the exchange of such temporary Global Security for definitive Securities of such series;

(16) if applicable, that any Securities of the series, or any portion thereof, shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective Depositaries for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Section 204 and any circumstances in addition to or in lieu of those set forth in Clause (2) of the last paragraph of Section 305 in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the Depositary for such Global Security or a nominee thereof;

(17) if applicable, that the Securities of the series, in whole or any specified part, shall be subject to the optional interest reset provisions of Section 307(b);

(18) if applicable, that the Securities of the series, in whole or any specified part, shall be subject to the optional extension of maturity provisions of Section 308;

(19) any addition to or change in the Events of Default which applies to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 502;

(20) any addition to or change in the covenants set forth in Article Ten which applies to Securities of the series;

(21) the additions or changes, if any, to this Indenture with respect to the Securities of such series as shall be necessary to permit or facilitate the issuance of the Securities of such series in bearer form, registrable or not registrable as to principal, and with or without interest coupons;

(22) the appointment of any Paying Agent or Agents for the Securities of such series, if other than the Company;

(23) the terms of any right to convert or exchange Securities of such series into any other securities or property of the Company, and the additions or changes, if any, to this Indenture with respect to the Securities of such series to permit or facilitate such conversion or exchange;

(24) the terms and conditions, if any, pursuant to which the Securities of the series are secured;

(25) any restriction or condition on the transferability of the Securities of such series; and

(26) any other terms of the Securities of such series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 901(5)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided herein or in or pursuant to the Board Resolution referred to above and (subject to Section 303) set forth, or determined in the manner provided, in the Officers' Certificate referred to above or in any such indenture supplemental hereto.

If any of the terms of the Securities of any series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate or Company Order setting forth the terms of the series.

The Securities shall be subordinated in right of payment to Senior Debt as provided in Article Sixteen.

#### SECTION 302. Denominations.

The Securities of each series shall be issuable only in registered form without coupons and only in such denominations as shall be specified as contemplated by Section 301. In the absence of any such specified denomination with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of \$1,000 and any integral multiple thereof.

#### SECTION 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its Chief Executive Officer, its Vice Chairman of the Board, its Chief Financial Officer, its President or one of its Vice Presidents, under its corporate seal reproduced or impressed thereon and

attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established by or pursuant to one or more Board Resolutions as permitted by Sections 201 and 301, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating,

(1) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(2) if the terms of such Securities have been established by or pursuant to Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture; and

(3) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 301 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate or Company Order otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph

at or prior to the authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by the manual signature of one of its authorized signatories, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 310, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

#### SECTION 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities of such series in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

#### SECTION 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency of the Company in a Place of Payment being herein sometimes collectively referred to as the "Security Register") in

which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided. If any indenture supplemental hereto refers to any transfer agents (in addition to the Security Registrar) initially designated by the Company with respect to any series of Securities, the Company may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, provided that the Company maintains a transfer agent in

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each Place of Payment for such series. The Company may at any time designate additional transfer agents with respect to any series of Securities.

Upon surrender for registration of transfer of any Security of a series at the office or agency of the Company in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

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

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities.

Neither the Trustee nor the Company shall be required, pursuant to the provisions of this Section, (A) to issue, register the transfer of or exchange any Securities of any series (or of any series and specified tenor, as the case may be) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of any such Securities selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or

(B) to register the transfer of or exchange any Security so selected for redemption, in whole or in part, except, in the case of any Security to be redeemed in part, any portion not to be redeemed.

The provisions of Clauses (1), (2), (3) and (4) below shall apply only to Global Securities:

(1) Each Global Security authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

(2) Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depositary for such Global Security or a nominee thereof unless (A) such Depositary (i) has notified the Company that it is unwilling or unable to continue as Depositary for such Global Security or (ii) has ceased to be a clearing agency registered under the Exchange Act at a time when the Depositary is required to be so registered to act as depositary, in each case, unless the Company has approved a successor Depositary within 90 days, (B) there shall have occurred and be continuing an Event of Default with respect to such Global Security, (C) the Company in its sole discretion determines that such Global Security will be so exchangeable or transferable or (D) there shall exist such circumstances, if any, in addition to or in lieu of the foregoing as have been specified for this purpose as contemplated by Section 301.

(3) Subject to Clause (2) above, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Security or any portion thereof shall be registered in such names as the Depositary for such Global Security shall direct.

(4) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Section, Section 304, 306, 906 or 1107 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

#### SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee together with such security or indemnity as may be required by the Company or the Trustee to save each of them harmless, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new

Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding. If, after the delivery of such new Security, a bona fide purchaser of the original Security in lieu of which such new Security was issued presents for payment or registration such original Security, the Trustee shall be entitled to recover such new Security from the party to whom it was delivered or any party taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Company and the Trustee in connection therewith.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of counsel to the Company and the fees and expenses of the Trustee, its agents and counsel) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved; Optional Interest Reset.

(a) Except as otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest on any Security of any series which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest in respect of Securities of such series, except that, unless

otherwise provided in the Securities of such series, interest payable on the Stated Maturity of the principal of a Security shall be paid to the Person to whom principal is paid. The initial payment of interest on any Security of any series which is issued between a Regular Record Date and the related Interest Payment Date shall be payable as provided in such Security or in the Board Resolution pursuant to Section 301 with respect to the related series of Securities. Except in the case of a Global Security, at the option of the Company, interest on any series of Securities may be paid (i) by check mailed to the address of the Person entitled thereto as it shall appear on the Security Register of such series or (ii) by wire transfer in immediately available funds at such place and to such account as designated in writing by the Person entitled thereto as specified in the Security Register of such series.

Any Paying Agents will be identified in a supplemental indenture hereto. The Company may at any time designate additional Paying Agents or rescind the designation of any Paying Agent; however, the Company at all times will be required to maintain a Paying Agent in each Place of Payment for each series of Securities.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, any interest on any Security of any series which is payable, but is not timely paid or duly provided for, on any Interest Payment Date for Securities of such series (herein called "Defaulted Interest") shall forthwith cease to be payable to the registered Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series in respect of which interest is in default (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder of Securities of such series in the manner set forth in Section 106, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid

to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which such Securities may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

(b) The provisions of this Section 307(b) may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) on any Security of such series may be reset by the Company on the date or dates specified on the face of such Security (each an "Optional Reset Date"). The Company may exercise such option with respect to such Security by notifying the Trustee of such exercise at least 50 but not more than 60 days prior to an Optional Reset Date for such Security. Not later than 40 days prior to each Optional Reset Date, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of any such Security a notice (the "Reset Notice") indicating whether the Company has elected to reset the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable), and if so (i) such new interest rate (or such new spread or spread multiplier, if applicable) and (ii) the provisions, if any, for redemption during the period from such Optional Reset Date to the next Optional Reset Date or if there is no such next Optional Reset Date, to the Stated Maturity of such Security (each such period a "Subsequent Interest Period"), including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the Subsequent Interest Period.

Notwithstanding the foregoing, not later than 20 days prior to the Optional Reset Date, the Company may, at its option, revoke the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) provided for in the Reset Notice and establish an interest rate (or a spread or spread multiplier used to calculate such interest rate, if applicable) that is higher than the interest rate (or the spread or spread multiplier, if applicable) provided for in the Reset Notice, for the Subsequent Interest Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate (or such higher spread or spread multiplier, if applicable) to the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) is reset on an Optional Reset Date, and with respect to which the Holders of such

Securities have not tendered such Securities for repayment (or have validly revoked any such tender) pursuant to the next succeeding paragraph, will bear such higher interest rate (or such higher spread or spread multiplier, if applicable).

The Holder of any such Security will have the option to elect repayment by the Company of the principal of such Security on each Optional Reset Date at a price equal to the principal amount thereof plus interest accrued to such Optional Reset Date. In order to obtain repayment on an Optional Reset Date, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to such Optional Reset Date and except that, if the Holder has tendered any Security for repayment pursuant to the Reset Notice, the Holder may, by written notice to the Trustee, revoke such tender or repayment until the close of business on the tenth day before such Optional Reset Date.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

#### SECTION 308. Optional Extension of Maturity.

The provisions of this Section 308 may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The Stated Maturity of any Security of such series may be extended at the option of the Company for the period or periods specified on the face of such Security (each an "Extension Period") up to but not beyond the date (the "Final Maturity") set forth on the face of such Security. The Company may exercise such option with respect to any Security by notifying the Trustee of such exercise at least 50 but not more than 60 days prior to the Stated Maturity of such Security in effect prior to the exercise of such option (the "Original Stated Maturity"). If the Company exercises such option, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of such Security not later than 40 days prior to the Original Stated Maturity a notice (the "Extension Notice") indicating (i) the election of the Company to extend the Maturity, (ii) the new Stated Maturity, (iii) the interest rate applicable to the Extension Period and (iv) the provisions, if any, for redemption during such Extension Period. Upon the Trustee's transmittal of the Extension Notice, the Stated Maturity of such Security shall be extended automatically and, except as modified by the Extension Notice and as described in the next paragraph, such Security will have the same terms as prior to the transmittal of such Extension Notice.

Notwithstanding the foregoing, not later than 20 days before the Original Stated Maturity of such Security, the Company may, at its option, revoke the interest rate provided for in the Extension Notice and establish a higher interest rate for the Extension Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate to

the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the Stated Maturity is extended will bear such higher interest rate.

If the Company extends the Maturity of any Security, the Holder will have the option to elect repayment of such Security by the Company on the Original Stated Maturity at a price equal to the principal amount thereof, plus interest accrued to such date. In order to obtain repayment on the Original Stated Maturity once the Company has extended the Maturity thereof, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders, except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to the Original Stated Maturity and except that, if the Holder has tendered any Security for repayment pursuant to an Extension Notice, the Holder may, by written notice to the Trustee, revoke such tender for repayment until the close of business on the tenth day before the Original Stated Maturity.

#### SECTION 309. Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered on the applicable record date as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 307) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

#### SECTION 310. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be disposed of as directed by a Company Order.

#### SECTION 311. Computation of Interest; Usury Not Intended.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months and interest on the Securities of each series for any partial period shall be

computed on the basis of a 360-day year of twelve 30-day months and the number of days elapsed in any partial month.

The amount of interest (or amounts deemed to be interest under applicable law) payable or paid on any Security shall be limited to an amount which shall not exceed the maximum nonusurious rate of interest allowed by the applicable laws of the State of Texas or any applicable law of the United States permitting a higher maximum nonusurious rate that preempts such applicable Texas laws, which could lawfully be contracted for, taken, reserved, charged or received (the "Maximum Interest Rate"). If, as a result of any circumstances whatsoever, the Company or any other Person is deemed to have paid interest (or amounts deemed to be interest under applicable law) or any Holder of a Security is deemed to have contracted for, taken, reserved, charged or received interest (or amounts deemed to be interest under applicable law), in excess of the Maximum Interest Rate, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of validity, and if from any such circumstance, the Trustee, acting on behalf of the Holders, or any Holder shall ever receive interest or anything that might be deemed interest under applicable law that would exceed the Maximum Interest Rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing on the applicable Security or Securities and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance of any such Security or Securities, such excess shall be refunded to the Company. In addition, for purposes of determining whether payments in respect of any Security are usurious, all sums paid or agreed to be paid with respect to such Security for the use, forbearance or detention of money shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such Bond.

SECTION 312. CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may

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state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee in writing of any change in "CUSIP" numbers.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for and as otherwise provided in this Section 401), and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year of the date of deposit, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose money in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company;

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with; and

(4) no event or condition shall exist that, pursuant to the provisions of Section 1602 or 1603, would prevent the Company from making payments of the principal of, premium, if any, or interest on the Securities of such series on the date of such deposit.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

#### SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee. Money and securities held in trust are not subject to Article Sixteen.

### ARTICLE FIVE

#### REMEDIES

#### SECTION 501. Events of Default.

"Event of Default", wherever used herein with respect to the Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of or any premium on any Security of that series at its Maturity; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series; or

(4) default in the performance, or breach, in any material respect, of any covenant or warranty of the Company in this Indenture with respect to a Security of that series (other than a covenant or warranty a default in the performance of which or the breach of which is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of series of Securities other than that series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Indenture; or

(5) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

(6) the commencement by the Company of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(7) any other Event of Default provided with respect to Securities of that series;

provided, however, that no event described in clause (4), (5), (6) or (7) above  
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shall constitute an Event of Default hereunder until a Responsible Officer assigned to and working in the Trustee's corporate trust department has actual knowledge thereof or until a written notice of any such event is received by the Trustee at the Corporate Trust Office, and such notice refers to the Securities generally, the Company or the Indenture.

Notwithstanding the foregoing provisions of this Section 501, if the principal or any premium or interest on any Security is payable in a currency other than the currency of the United States of America and such currency is not available to the Company for making payment thereof due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to Holders of the Securities by making such payment in the currency of the United States of America in an amount equal to the currency of the United States of America equivalent of the amount payable in such other currency, as determined by the Trustee by reference to the noon buying rate in The City of New York for cable transfers for such currency ("Exchange Rate"), as such Exchange Rate is reported or otherwise made available by the Federal Reserve Bank of New York on the date of such payment, or, if such rate is not then available, on the basis of the most recently available Exchange Rate. Notwithstanding the foregoing provisions of this Section 501, any payment made under such circumstances in the currency of the United States of America where the required payment is in a currency other than the currency of the United States of America will not constitute an Event of Default under this Indenture.

SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than (a) an Event of Default specified in Section 501(4) or another Event of Default specified in Section 501(7) which is common to all Outstanding series of Securities or (b) an Event of Default specified in Section 501(5) or 501(6)) with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. If (a) an Event of Default specified in Section 501(4) or another Event of Default under Section 501(7) which is common to all Outstanding series of Securities occurs and is continuing or (b) an Event of Default specified in Section 501(5) or 501(6) occurs and is continuing, then in every such case, the Trustee or the Holders of not less than 25% in aggregate principal amount of all the Securities then Outstanding hereunder (treated as one class), by a notice in writing to the Company (and to the Trustee if given by Holders) may declare the principal amount (or, if any Securities are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms thereof) of all the Securities then Outstanding to be due and payable immediately, and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable. Payment of principal, premium, if any, and interest on such Securities shall remain subordinated to

the extent provided in Article Sixteen notwithstanding that such amount shall become immediately due and payable as herein provided.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

the Company will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, all amounts owing the Trustee, its agents and counsel under Section 607.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

#### SECTION 504. Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it and any predecessor Trustee under Section 607.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, -----  
however, that the Trustee may, on behalf of the Holders, vote for the election  
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of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

#### SECTION 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of all amounts owing the Trustee and any predecessor Trustee under Section 607, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Any money or property collected or to be applied by the Trustee with respect to a series of Securities pursuant to this Article shall be applied, subject to Article Sixteen, in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money or property on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To the payment of all Senior Debt if and to the extent required by Article Sixteen;

THIRD: To the payment of the amounts then due and unpaid for principal of and any premium and interest on such series of Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such series of Securities for principal and any premium and interest, respectively; and

FOURTH: To the payment of the remainder, if any, to the Company or any other Person or Persons entitled thereto.

SECTION 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver, assignee, trustee, liquidator or sequestrator (or other similar official), or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of security or indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing itself of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Securities, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Section 307) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, provided that

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(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) subject to the provisions of Section 601, the Trustee shall have the right to decline to follow such direction if a Responsible Officer or Officers of the Trustee shall, in good faith, determine that the proceeding so directed would involve the Trustee in personal liability or would otherwise be contrary to applicable law.

SECTION 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of or any premium or interest on any Security of such series or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and such court may in its discretion assess reasonable costs including reasonable attorneys' fees and expenses, 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 that

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the provisions of this Section 514 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder or group of Holders holding in the aggregate more than 10 per centum in principal amount of the Outstanding Securities, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or interest on any Security, on or after the respective due dates expressed in such Security. Neither this Section 514 nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or such an assessment in any proceeding instituted by the Company.

SECTION 515. Waiver of Usury, Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. Certain Duties and Responsibilities.

The duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act.

SECTION 602. Notice of Defaults.

If a default occurs hereunder with respect to Securities of any series, the Trustee shall give the Holders of Securities of such series notice of such default as and to the extent provided by the Trust Indenture Act; provided, however, that in the case of any default of the character specified

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in Section 501(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

The Trustee is not required to take notice or deemed to have notice of any Event of Default with respect to the Securities, except an Event of Default under Section 501(1), Section 501(2) or Section 501(3) hereof, unless a Responsible Officer shall have received written notice of such Event of Default from the Company, any Subsidiary or the Holder of any Security.

#### SECTION 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(1) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness 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) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order, and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(4) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or

investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(7) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(8) the Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture;

(9) in the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of Securities, each representing less than a majority in aggregate principal amount of the Securities Outstanding, the Trustee, in its sole discretion, may determine what action, if any, shall be taken;

(10) the Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal and final payment of the Securities; and

(11) except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Securities, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Securities.

#### SECTION 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

#### SECTION 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Company

with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 606. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time such compensation for all services rendered by it hereunder in such amounts as the Company and the Trustee shall agree from time to time (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

In the event the Trustee incurs expenses or renders services in any proceedings which result from an Event of Default under Section 501, subsection (5) or (6) of this Indenture, or from any default which, with the passage of time, would become such Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

SECTION 608. Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

To the extent permitted by such Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series.

SECTION 609. Corporate Trustee Required; Eligibility.

There shall at all times be one (and only one) Trustee hereunder with respect to the Securities of each series, which may be Trustee hereunder for Securities of one or more other series. Each Trustee shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least \$50,000,000. If any such Person publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, then for the purposes of this Section and to the extent permitted by the Trust Indenture Act, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

If at any time:

(1) the Trustee shall fail to comply with Section 608 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Company, acting pursuant to the authority of a Board Resolution, may remove the Trustee with respect to all Securities, or (B) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 611. Acceptance of Appointment by Successor.

In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts

and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustee's co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

#### SECTION 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the

corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any, of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated, and in case any Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor Trustee or in the name of such successor Trustee, and in all cases the certificate of authentication shall have the full force which it is provided anywhere in the Securities or in this Indenture that the certificate of the Trustee shall have.

SECTION 613. Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor). For purposes of Section 311(b)(4) and (6) of the Trust Indenture Act:

(a) "cash transaction" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks and payable upon demand; and

(b) "self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company (or any such obligor) for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security; provided the security is received by the Trustee simultaneously with

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the creation of the creditor relationship with the Company (or any such obligor) arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

SECTION 614. Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a Certificate of authentication executed on behalf of the Trustee by an

Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any state thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$50,000,000 and subject to supervision or examination by federal or state authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate agency or corporate trust business of an Authenticating Agent shall be the successor Authenticating Agent hereunder, provided such corporation ----- shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give notice of such appointment in the manner provided in Section 106 to all Holders of Securities of the series with respect to which such Authenticating Agent will serve. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 607.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: \_\_\_\_\_

\_\_\_\_\_,  
as Trustee  
By: \_\_\_\_\_,  
as Authenticating Agent  
By: \_\_\_\_\_  
Authorized Officer

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(1) semi-annually, not later than January 15 and July 15 in each year, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Securities of each series as of the preceding January 1 or July 1 as the case may be, and

(2) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

SECTION 702. Preservation of Information; Communications to Holders.

The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided in the Trust Indenture Act.

Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION 703. Reports by Trustee.

The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

Reports so required to be transmitted at stated intervals of not more than 12 months shall be transmitted no later than January 31 in each calendar year, commencing with the first January 31 after the first issuance of Securities under this Indenture.

A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

SECTION 704. Reports by Company.

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided in the Trust Indenture Act; provided that any

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such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Company

shall not permit any Person to consolidate with or merge into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company, unless:

(1) in case the Company shall consolidate with or merge into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation, partnership, trust or other entity, shall be organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest on all the Securities and the performance or observance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with; provided,

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however, that the delivery of an Officers' Certificate or an Opinion of  
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Counsel is not required with respect to any consolidation, merger, conveyance, transfer or lease involving the Company and any wholly owned subsidiary of the Company.

#### SECTION 802. Successor Substituted.

Upon any consolidation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; and in the event of any such conveyance, transfer or lease the Company shall be discharged from all obligations and covenants under the Indenture and the Securities and may be dissolved and liquidated.

Such successor Person may cause to be signed, and may issue either in its own name or in the name of the Company, any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such

successor Person instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication pursuant to such provisions and any Securities which such successor Person thereafter shall cause to be signed and delivered to the Trustee on its behalf for the purpose pursuant to such provisions. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale, conveyance or lease, such changes in phraseology and form may be made in the Securities thereafter to be issued as may be appropriate.

## ARTICLE NINE

### SUPPLEMENTAL INDENTURES

#### SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article Eight; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series), provided, however, that in respect

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of any such additional Events of Default such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default or may limit the right of the Holders of a majority in aggregate principal amount of that or those

series of Securities to which such additional Events of Default apply to waive such default; or

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or

(5) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities; provided,

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however, that if such addition, change or elimination shall adversely

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affect the interests of Holders of Securities of any series, such addition, change or elimination shall become effective with respect to such series only when no such Security of such series remains Outstanding; or

(6) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee or to surrender any right or power herein conferred upon the Company; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(8) to provide for uncertificated securities in addition to certificated securities; or

(9) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611; or

(10) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided that such action pursuant

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to this Clause (10) shall not adversely affect the interests of the Holders of Securities of any series; or

(11) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of any series of Securities pursuant to Sections 401, 1402 and 1403; provided that any such action shall not adversely affect the

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interests of the Holders of Securities of such series or any other series of Securities; or

(12) to comply with the rules or regulations of any securities exchange or automated quotation system on which any of the Securities may be listed or traded; or

(13) to add to, change or eliminate any of the provisions of this Indenture as shall be necessary or desirable in accordance with any amendments to the Trust Indenture Act, provided that such action does not  
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adversely affect the rights or interests of any Holder of Securities.

SECTION 902. Supplemental Indentures With Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture (treated as one class), by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture  
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shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) except to the extent permitted by Section 307(b) or Section 308 or otherwise specified in the form or terms of the Securities of any series as permitted by Sections 201 and 301 with respect to extending the Stated Maturity of any Security of such series, change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security or any other Security which would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 513 or Section 1006, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require  
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the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 1006, or the deletion of this proviso, in accordance with the requirements of Sections 611 and 901(9), or

(4) if the Securities of any series are convertible or exchangeable into any other securities or property of the Company, make any change that adversely affects the right to convert or exchange any Security of such series (except as permitted by Section 901) or decrease the conversion or exchange rate or increase the conversion price of any such Security of such series,

(5) modify the provisions of this Indenture with respect to the subordination of any Security in a manner adverse to the Holder thereof, or

(6) if the Securities of any series are secured, change the terms and conditions pursuant to which the Securities of such series are secured in a manner adverse to the Holders of the secured Securities of such series.

An amendment under this Section may not make any change that adversely affects the rights under Article XVI of any Holder of Senior Debt unless the Holders of each issue of Senior Debt pursuant to its terms consent to the change.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

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

#### SECTION 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Officer's Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

#### SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

SECTION 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company initially appoints the Trustee, acting through its Corporate Trust Office, as its agent for said purpose. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such

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designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate to the extent required by law and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will provide to a Paying Agent a sum sufficient to pay the principal of or any premium or interest on any Securities of that series, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (1) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (2) during the continuance of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment in respect of the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable may be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company

as trustee thereof, shall thereupon cease; provided, however, that the Trustee

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or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers' Certificate, one of the signers of which shall be the principal executive, principal accounting or principal financial officer of the Company, stating whether or not to the best knowledge of the signers thereof the Company, is in default in the performance and observance of any of the terms, provisions, covenants and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

SECTION 1005. Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

SECTION 1006. Waiver of Certain Covenants.

Except as otherwise specified as contemplated by Section 301 for Securities of such series, the Company may, with respect to the Securities of any series, omit in any particular instance to comply with any term, provision or condition set forth in any covenant provided pursuant to Section 301(20), 901(2) or 901(7) for the benefit of the Holders of such series or in Section 1005, if the Holders of at least a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for such Securities) in accordance with this Article.

SECTION 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 301 for such Securities. In case of any redemption at the election of the Company of less than all the Securities of any series (including any such redemption affecting only a single Security), the Company shall, not less than 45 nor more than 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate and an Opinion of Counsel evidencing compliance with such restriction.

SECTION 1103. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of any series are to be redeemed (unless all the Securities of such series and of a specified tenor are to be redeemed or unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of a portion of the principal amount of any Security of such series, provided that the unredeemed portion of the principal amount of any Security

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shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security. If less than all the Securities of such series and of a specified tenor are to be redeemed (unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series and specified tenor not previously called for redemption in accordance with the preceding sentence.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption as aforesaid and, in case of any Securities selected for partial redemption as aforesaid, the principal amount thereof to be redeemed.

The provisions of the two preceding paragraphs shall not apply with respect to any redemption affecting only a single Security, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of the Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed. If the Company shall so direct, Securities registered in the name of the Company, any Affiliate or any Subsidiary thereof shall not be included in the Securities selected for redemption.

SECTION 1104. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

With respect to Securities of each series to be redeemed, each notice of redemption shall identify the Securities to be redeemed (including CUSIP numbers) and shall state:

- (1) the Redemption Date,
- (2) the Redemption Price,
- (3) if less than all the Outstanding Securities of any series consisting of more than a single Security are to be redeemed, the identification (and, in the case of partial redemption of any such Securities, the principal amounts) of the particular Securities to be redeemed and, if less than all the Outstanding Securities of any series consisting of a single Security are to be redeemed, the principal amount of the particular Security to be redeemed,
- (4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,
- (5) the place or places where each such Security is to be surrendered for payment of the Redemption Price, and
- (6) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company and shall be irrevocable. The notice if mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. In any case, a failure to give such notice by mail or any defect in the notice to the Holder of any Security designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security.

SECTION 1105. Deposit of Redemption Price.

On or before the Redemption Date specified in the notice of redemption given as provided in Section 1104, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

SECTION 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as

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contemplated by Section 301, installments of interest whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

SECTION 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as

requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

SINKING FUNDS

SECTION 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of any series except as otherwise specified as contemplated by Section 301 for such Securities.

The minimum amount of any sinking fund payment provided for by the terms of any Securities of any series is herein referred to as a "mandatory sinking fund payment", and any sinking fund payment in excess of such minimum amount which is permitted to be made by the terms of such Securities is herein referred to as an "optional sinking fund payment". If provided for by the terms of any Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of such Securities.

SECTION 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company (1) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to any Securities of such series required to be made pursuant to the terms of such Securities as and to the extent provided for by the terms of such Securities; provided that the Securities to be so credited

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have not been previously so credited. The Securities to be so credited shall be received and credited for such purpose by the Trustee at the Redemption Price, as specified in the Securities so to be redeemed, for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for such Securities pursuant to the terms of such Securities, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities pursuant to Section

1202 and will also deliver to the Trustee any Securities to be so delivered. Not less than 45 days prior to each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

#### ARTICLE THIRTEEN

##### REPAYMENT AT THE OPTION OF THE HOLDERS

###### SECTION 1301. Applicability of Article.

Repayment of securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

###### SECTION 1302. Repayment of Securities.

Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof, together with interest and/or premium, if any, thereon accrued to the Repayment Date specified in or pursuant to the terms of such Securities. The Company covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the principal (or, if so provided by the terms of the Securities of any series, a percentage of the principal) of, the premium, if any, and (except if the Repayment Date shall be an Interest Payment Date) accrued interest on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

###### SECTION 1303. Exercise of Option.

Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such Security duly completed by the Holder (or by the Holder's attorney duly authorized in writing), must be received by the Company at the Place of Payment therefor specified in the terms of such Security (or at such other place or places of which the Company shall from time to time notify the Holders of such Securities) not earlier than 45 days nor later than 30 days prior to the Repayment Date. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such Security, the principal amount of such

Security to be repaid, in increments of the minimum denomination for Securities of such series, the premium, if any, to be paid, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of the principal amount of such Security surrendered that is not to be repaid, must be specified. The principal amount of any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof and as provided in Sections 307(b) and 308, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Company.

SECTION 1304. When Securities Presented for Repayment Become Due and Payable.

If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Company on the Repayment Date therein specified, and on and after such Repayment Date (unless the Company shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest. Upon surrender of any such Security for repayment in accordance with such provisions, the principal amount of such Security so to be repaid shall be paid by the Company, together with accrued interest and/or premium, if any, to the Repayment Date; provided, however, that installments of interest, if any, whose

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Stated Maturity is on or prior to the Repayment Date shall be payable (but without interest thereon, unless the Company shall default in the payment thereof) to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If the principal amount of any Security surrendered for repayment shall not be so repaid upon surrender thereof, such principal amount (together with interest, if any, thereon accrued to such Repayment Date) shall, until paid, bear interest from the Repayment Date at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) set forth in such Security.

SECTION 1305. Securities Repaid in Part.

Upon surrender of any Security which is to be repaid in part only, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge and at the expense of the Company, a new Security or Securities of the same series, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

ARTICLE FOURTEEN

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1401. Company's Option to Effect Defeasance or Covenant Defeasance.

The Company may elect, at its option at any time, to have Section 1402 or Section 1403 applied to any Securities or any series of Securities, as the case may be, (unless designated pursuant to Section 301 as not being defeasible pursuant to such Section 1402 or 1403), in accordance with any applicable requirements provided pursuant to Section 301 and upon compliance with the conditions set forth below in this Article. Any such election shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 301 for such Securities.

SECTION 1402. Defeasance and Discharge.

Upon the Company's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, the Company shall be deemed to have been discharged from its obligations with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter called "Defeasance"). For this purpose, such Defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Securities and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (1) the rights of Holders of such Securities to receive, solely from the trust fund described in Section 1404 and as more fully set forth in such Section, payments in respect of the principal of and any premium and interest on such Securities when payments are due, (2) the Company's obligations with respect to such Securities under Sections 304, 305, 306, 1002 and 1003, (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (4) this Article. Subject to compliance with this Article, the Company may exercise its option (if any) to have this Section applied to any Securities notwithstanding the prior exercise of its option (if any) to have Section 1403 applied to such Securities.

SECTION 1403. Covenant Defeasance.

Upon the Company's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, (1) the Company shall be released from its obligations under any covenants provided pursuant to Section 301(20), 901(2) or 901(7) for the benefit of the Holders of such Securities and (2) the occurrence of any event specified in Sections 501(4) (with respect to any such covenants provided pursuant to Section 301(20), 901(2) or 901(7)), and 501(7) shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter called "Covenant Defeasance"). For this purpose, such Covenant

Defeasance means that, with respect to such Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of Section 501(4)), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

SECTION 1404. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to the application of Section 1402 or Section 1403 to any Securities or any series of Securities, as the case may be:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements contemplated by Section 609 and agrees to comply with the provisions of this Article applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the Holders of such Securities, (A) money in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or any such other qualifying trustee) to pay and discharge, the principal of and any premium and interest on such Securities on the respective Stated Maturities, in accordance with the terms of this Indenture and such Securities. As used herein, "U.S. Government Obligation" means (x) any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any U.S. Government Obligation which is specified in Clause (x) above and held by such bank for the account of the Holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the Holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

(2) In the event of an election to have Section 1402 apply to any Securities or any series of Securities, as the case may be, the Company shall have delivered to the Trustee an

Opinion of Counsel stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this instrument, there has been a change in the applicable federal income tax law, in either case (A) or (B) to the effect that, and based thereon such opinion shall confirm that, the Holders of such Securities will not recognize gain or loss for federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Securities and will be subject to federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur.

(3) In the event of an election to have Section 1403 apply to any Securities or any series of Securities, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Securities will not recognize gain or loss for federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to such Securities and will be subject to federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.

(4) The Company shall have delivered to the Trustee an Officer's Certificate to the effect that neither such Securities nor any other Securities of the same series, if then listed on any securities exchange, will be delisted as a result of such deposit.

(5) No event which is, or after notice or lapse of time or both would become, an Event of Default with respect to such Securities or any other Securities shall have occurred and be continuing at the time of such deposit or, with regard to any such event specified in Sections 501(5) and (6), at any time on or prior to the 90th day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).

(6) Such Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all Securities are in default within the meaning of such Act).

(7) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound.

(8) Such Defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act unless such trust shall be registered under such Act or exempt from registration thereunder.

(9) The Company shall have delivered to the Trustee an agreement whereby the Company irrevocably agrees to forfeit its right, if any, (A) to reset the interest rate of such

Securities pursuant to Section 307(b) and (B) to extend the Stated Maturity of such Securities pursuant to Section 308.

(10) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

SECTION 1405. Acknowledgment of Discharge By Trustee.

Subject to Section 1407 below and after the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent referred to in Section 1404, as the case may be, relating to the defeasance or satisfaction and discharge of this Indenture have been complied with, the Trustee upon request of the Company shall acknowledge in writing the defeasance or the satisfaction and discharge, as the case may be, of this Indenture and the discharge of the Company's obligations under this Indenture.

SECTION 1406. Deposited Money and U.S. Government Obligations to Be Held in Trust; Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 1406, the Trustee and any such other trustee are referred to collectively as the "Trustee") pursuant to Section 1404 in respect of any Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 1404 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 1404 with respect to any Securities which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to such Securities.

SECTION 1407. Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the obligations under this Indenture and such Securities from which the Company has been discharged or released pursuant to Section 1402 or 1403 shall be revived and reinstated as though no deposit had occurred pursuant to this Article with respect to such Securities, until such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 1405 with respect to such Securities in accordance with this Article; provided, however, that if the Company makes

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any payment of principal of or any premium or interest on any such Security following such reinstatement of its obligations, the Company shall be subrogated to the rights (if any) of the Holders of such Securities to receive such payment from the money so held in trust.

ARTICLE FIFTEEN

IMMUNITY OF INCORPORATORS, SHAREHOLDERS,  
OFFICERS, DIRECTORS AND EMPLOYEES

SECTION 1501. Exemption from Individual Liability.

No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, shareholder, officer, director or employee, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations of the Company, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, shareholders, officers, directors, or employees, as such, of the Company or of any successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, shareholder, officer, director or employee, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

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

#### ARTICLE SIXTEEN

##### SUBORDINATION

SECTION 1601. Agreement to Subordinate. The Company covenants and agrees, and each Holder issued hereunder by his acceptance thereof likewise covenants and agrees, that all Securities shall be issued subject to the provisions of this Article Sixteen; and each person holding any Security, whether upon original issue or upon transfer, assignment or exchange thereof accepts and agrees to be bound by such provisions.

The payment by the Company of the principal of, premium, if any, and interest on all Securities issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and junior in right of payment to all Senior Debt, whether outstanding at the date of this Indenture or thereafter incurred.

No provision of this Article Sixteen shall prevent the occurrence of any default or Event of Default hereunder.

SECTION 1602. Default on Senior Debt. In the event and during the continuation of any default by the Company in the payment of principal, premium, interest or any other payment due on any Senior Debt, or in the event that the maturity of any Senior Debt has been accelerated because of a default, then, in either case, no payment shall be made by the Company with respect to the principal (including redemption payments) of or premium, if any, or interest on the Securities until such default shall have been cured or waived in writing or shall have ceased to exist or such Senior Debt shall have been discharged or paid in full.

In the event of the acceleration of the maturity of the Securities, then no payment shall be made by the Company with respect to the principal (including redemption payments) of or premium, if any, or interest on the Securities until the Holders of all Senior Debt outstanding at the time of such acceleration shall receive payment in full of such Senior Debt (including any amounts due upon acceleration).

In the event that, notwithstanding the foregoing, any payment shall be received by the Trustee or any Holder when such payment is prohibited by the preceding paragraphs of this Section 1602, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Holders of Senior Debt or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Debt may have been issued, as their respective interests may appear.

SECTION 1603. Liquidation; Dissolution; Bankruptcy. Upon any payment by the Company or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon any liquidation, dissolution, winding up, receivership, reorganization, assignment for the benefit of creditors, marshaling of assets and liabilities or any bankruptcy, insolvency or similar proceedings of the Company, all amounts due or to become due upon all Senior Debt shall first be paid in full, in cash or cash equivalents, or payment thereof provided for in accordance with its terms, before any payment is made on account of the principal of, premium, if any, or interest on the indebtedness evidenced by the Securities, and upon any such liquidation, dissolution, winding up, receivership, reorganization, assignment, marshaling or proceeding, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders or the Trustee under this Indenture would be entitled, except for the provisions of this Article Sixteen, shall be paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Holders or by the Trustee under this Indenture if received by them or it, directly to the Holders of Senior Debt (pro rata to such Holders on the basis of the respective amounts of Senior Debt held by such Holders) or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Debt may have been issued, as their respective interests may appear, to the extent necessary to pay all Senior Debt in full (including, without limitation, except to the extent, if any, prohibited by mandatory provisions of law, post-petition interest, in any such proceedings), after giving effect to any concurrent payment or distribution to or for the Holders of Senior Debt, before any payment or distribution is made to the Holders of the indebtedness evidenced by the Securities or to the Trustee under this Indenture.

In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, prohibited by the foregoing, shall be received by the Trustee under this Indenture or the Holders of the Securities before all Senior Debt is paid in full or provision is made for such payment in accordance with its terms, such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the Holders of such Senior Debt or their respective representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Debt may have been issued, as their respective interests may appear, for application to the payment of all Senior Debt remaining unpaid until all such Senior Debt shall have been paid in full in accordance with its terms, after giving effect to any concurrent payment or distribution to or for the Holders of such Senior Debt.

For purposes of this Article Sixteen, the words "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of arrangement, reorganization or readjustment, the payment of which is subordinated (at least to the extent provided in this Article Sixteen with respect to the Securities) to the payment of all Senior Debt which may at the time be outstanding; provided, that (i) the Senior Debt is assumed by the new corporation, if any, resulting from any such arrangement, reorganization or readjustment, and (ii) the rights of the Holders of the Senior Debt are not, without the consent of such Holders, altered by such arrangement,

reorganization or readjustment. The consolidation of the Company with, or the merger of the Company into, another corporation or the liquidation or dissolution of the Company following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided in Article Eight shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section if such other Person shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article Eight. Nothing in Section 1602 or this Section 1603 shall apply to claims of, or payments to, the Trustee under or pursuant to Article Six, except as provided therein. This Section shall be subject to the further provisions of Section 1606.

SECTION 1604. Subrogation of Securities. Subject to the payment in full of all Senior Debt, the rights of the Holders of the Securities shall be subrogated to the rights of the Holders of Senior Debt to receive payments or distributions of cash, property or securities of the Company applicable to the Senior Debt until the principal of, premium, if any, and interest on the Securities shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the Holders of the Senior Debt of any cash, property or securities to which the Holders of the Securities or the Trustee on their behalf would be entitled except for the provisions of this Article Sixteen and no payment over pursuant to the provisions of this Article Sixteen to the Holders of Senior Debt by Holders of the Securities or the Trustee on their behalf shall, as between the Company, its creditors other than Holders of Senior Debt and the Holders of the Securities, be deemed to be a payment by the Company to or on account of the Senior Debt; and no payments or distributions of cash, property or securities to or for the benefit of the Holders pursuant to the subrogation provisions of this Article Sixteen, which would otherwise have been paid to the Holders of Senior Debt shall be deemed to be a payment by the Company to or for the account of the Securities. It is understood that the provisions of this Article Sixteen are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the Holders of the Senior Debt, on the other hand.

Nothing contained in this Article Sixteen or elsewhere in this Indenture or in the Securities is intended to or shall impair, as between the Company, its creditors other than the Holders of Senior Debt, and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of, premium, if any, and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Securities and creditors of the Company other than the Holders of the Senior Debt, nor shall anything herein or therein prevent the Holder of any Security or the Trustee on his behalf from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article Sixteen of the Holders of Senior Debt in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Upon any payment or distribution of assets of the Company referred to in this Article Sixteen, the Trustee, subject to the provisions of Article Six, and the Holders of the Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which

such liquidation, dissolution, winding up, receivership, reorganization, assignment or marshaling proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of the Securities, for the purpose of ascertaining the Persons entitled to participate in such distribution, the Holders of the Senior Debt and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Sixteen.

SECTION 1605. Authorization by Holders. Each Holder of a Security by his acceptance thereof authorizes and directs the Trustee in his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article Sixteen and appoints the Trustee his attorney-in-fact for any and all such purposes.

SECTION 1606. Notice to Trustee. The Company shall give prompt written notice to the Trustee and to any Paying Agent of any fact known to the Company which would prohibit the making of any payment of moneys to or by the Trustee or any Paying Agent in respect of the Securities pursuant to the provisions of this Article Sixteen. Regardless of anything to the contrary contained in this Article Sixteen or elsewhere in this Indenture, the Trustee shall not be charged with knowledge of the existence of any Senior Debt or of any default or event of default with respect to any Senior Debt or of any other facts which would prohibit the making of any payment of moneys to or by the Trustee, unless and until the Trustee shall have received notice in writing at its principal Corporate Trust Office to that effect signed by an officer of the Company, or by a Holder or agent of a Holder of Senior Debt who shall have been certified by the Company or otherwise established to the reasonable satisfaction of the Trustee to be such Holder or agent, or by the trustee under any indenture pursuant to which Senior Debt shall be outstanding, and, prior to the receipt of any such written notice, the Trustee shall, subject to the provisions of Article Six, be entitled to assume that no such facts exist; provided, however, that if on a date at least three Business Days prior to the date upon which by the terms hereof any such moneys shall become payable for any purpose (including, without limitation, the payment of the principal of, or interest on any Security) the Trustee shall not have received with respect to such moneys the notice provided for in this Section 1606, then, regardless of anything herein to the contrary, the Trustee shall have full power and authority to receive such moneys and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such prior date.

The Trustee shall be entitled to conclusively rely on the delivery to it of a written notice by a Person representing himself to be a Holder of Senior Debt (or a trustee on behalf of such Holder) to establish that such notice has been given by a Holder of Senior Debt or a trustee on behalf of any such Holder. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a Holder of Senior Debt to participate in any payment or distribution pursuant to this Article Sixteen, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article Sixteen, and if such evidence is

not furnished the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 1607. Trustee's Relation to Senior Debt. The Trustee and any agent of the Company or the Trustee shall be entitled to all the rights set forth in this Article Sixteen with respect to any Senior Debt which may at any time be held by it in its individual or any other capacity to the same extent as any other Holder of Senior Debt and nothing in this Indenture shall deprive the Trustee or any such agent, of any of its rights as such Holder. Nothing in this Article Sixteen shall apply to claims of, or payments to, the Trustee under or pursuant to Article Six.

With respect to the Holders of Senior Debt, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article Sixteen, and no implied covenants or obligations with respect to the Holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the Holders of Senior Debt and, subject to the provisions of Article Six, the Trustee shall not be liable to any Holder of Senior Debt if it shall pay over or deliver to Holders of Securities, the Company or any other person moneys or assets to which any Holder of Senior Debt shall be entitled by virtue of this Article Sixteen or otherwise.

SECTION 1608. No Impairment to Subordination. No right of any present or future Holder of any Senior Debt to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such Holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such Holder may have or otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the Holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders, without incurring responsibility to the Holders and without impairing or releasing the subordination provided in this Article Sixteen or the obligations hereunder of the Holders of the Securities to the Holders of such Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, such Senior Debt, or otherwise amend or supplement in any manner such Senior Debt or any instrument evidencing the same or any agreement under which such Senior Debt is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing such Senior Debt; (iii) release any Person liable in any manner for the collection of such Senior Debt; and (iv) exercise or refrain from exercising any rights against the Company, as the case may be, and any other Person.

SECTION 1609. Article Applicable to Paying Agents. In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article Sixteen shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully

for all intents and purposes as if such Paying Agent were named in this Article Sixteen in addition to or in place of the Trustee.

SECTION 1610. Trust Moneys Not Subordinated. Notwithstanding anything contained herein to the contrary, payments from money or the proceeds of U.S. Government Obligations held in trust under Section 402 of this Indenture by the Trustee for the payment of principal of and interest on the Securities shall not be subordinated to the prior payment of any Senior Debt or subject to the restrictions set forth in this Article Sixteen, and none of the Holders shall be obligated to pay over any such amount to the Company or any Holder of Senior Debt or any other creditor of the Company.

Chase Bank of Texas, National Association, a national banking association duly organized and existing under the laws of the United States of America, as Trustee, hereby accepts the trust in this Indenture declared and provided, upon the terms and conditions herein above set forth.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

RELIANT ENERGY, INCORPORATED

By: /s/ Stephen W. Naeve

-----  
Name: Stephen W. Naeve  
Title: Vice Chairman and  
Chief Financial Officer

Attest:

/s/ Richard B. Dauphin

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Name: Richard B. Dauphin  
Title: Assistant Corporate Secretary

(SEAL)

CHASE BANK OF TEXAS,  
NATIONAL ASSOCIATION, as Trustee

By: /s/ Debbie Miller

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Name: Debbie Miller  
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Title: Vice President and Trust Officer  
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(SEAL)

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RELIANT ENERGY, INCORPORATED

To

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION,  
Trustee

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SUPPLEMENTAL INDENTURE No. 1

Dated as of September 1, 1999

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17,167,381 ZENS(SM)  
2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (ZENS(SM))

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(SM) Service Mark of Goldman, Sachs & Co.

RELIANT ENERGY, INCORPORATED

SUPPLEMENTAL INDENTURE NO. 1

2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (ZENS(SM))

SUPPLEMENTAL INDENTURE No. 1, dated as of September 1, 1999, between RELIANT ENERGY, INCORPORATED, a Texas corporation (the "Company"), and CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee").

RECITALS

The Company has heretofore executed and delivered to the Trustee a Subordinated Indenture, dated as of September 1, 1999 (the "Indenture"), providing for the issuance from time to time of one or more series of the Company's Securities.

Section 301 of the Indenture provides that various matters with respect to any series of Securities issued under the Indenture may be established in an indenture supplemental to the Indenture.

Subparagraph (7) of Section 901 of the Indenture provides that the Company and the Trustee may enter into an indenture supplemental to the Indenture to establish the form or terms of Securities of any series as permitted by Sections 201 and 301 of the Indenture.

For and in consideration of the premises and the issuance of the series of Securities provided for herein, it is mutually covenanted and agreed, for the equal and proportionate benefit of the Holders of the Securities of such series, as follows:

ARTICLE ONE

Relation to the Indenture; Additional Definitions

Section 101. Relation to the Indenture. This Supplemental Indenture No. 1 constitutes an integral part of the Indenture.

Section 102. Additional Definitions. For all purposes of this Supplemental Indenture No. 1:

(1) Capitalized terms used herein shall have the meanings specified herein or in the Indenture, as the case may be;

(2) "Additional Interest" means any Publicly Traded securities (other than Publicly Traded Equity Securities, which shall themselves become Reference Shares), any cash (other than the Reference Shares Dividend Amount) and the cash value of any other securities or property, distributed on or in respect of the Reference Shares attributable to one ZENS;

(3) "Additional Interest Payment Date" means the date twenty (20) Business Days after the date any Publicly Traded securities (other than Publicly Traded Equity Securities, which shall themselves become Reference Shares), any cash (other than the Reference Shares Dividend Amount) or any other securities or property is distributed on or in respect of the Reference Shares;

(4) "Additional Interest Regular Record Date" means the date ten (10) Business Days after the date any Publicly Traded securities (other than Publicly Traded Equity Securities, which shall themselves become Reference Shares), any cash (other than the Reference Shares Dividend Amount) or any other securities or property is distributed on or in respect of the Reference Shares;

(5) "Averaging Period" means the 20 Trading Day period beginning on the first Trading Day of the 20 Trading Days immediately prior to, but not including, the fifth Business Day preceding the Redemption Date or the Maturity Date, as the case may be;

(6) "Business Day" means, with respect to the ZENS, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Houston, Texas or New York, New York are authorized or obligated by law or regulation to close;

(7) "Closing Price" means, with respect to any security on any date of determination, the closing sale price (or, if no closing sale price is reported, the last reported sale price) of such security (regular way) on the NYSE on such date or, if such security is not listed for trading on the NYSE on such date, as reported in the composite transactions for the principal United States securities exchange on which such security is so listed, or if such security is not so listed on a United States national or regional securities exchange, as reported by the Nasdaq National Market, or if such security is not so reported, the last quoted bid price for such security in the over-the-counter market as reported by the National Quotation Bureau or similar organization. In the event that no such quotation is available

for any day, the Board of Directors shall be entitled to determine the Closing Price on the basis of such quotations that it in good faith considers appropriate;

(8) "Contingent Principal Amount" means the minimum amount payable upon redemption or maturity of one ZENS, which shall initially be equal to the Original Principal Amount. The Contingent Principal Amount shall be adjusted from time to time in the manner set forth in Sections 203 and 206 hereof;

(9) "Current Market Value" (other than in the case of a Rollover Offering) means the average Closing Price per Reference Share during the Averaging Period; provided, however, that for purposes of determining the payment required upon redemption in connection with a Rollover Offering, "Current Market Value" means the Closing Price per Reference Share on the Trading Day immediately preceding the date that the Rollover Offering is priced (the "Pricing Date") or, if the Rollover Offering is priced after 4:00 p.m., New York City time, on the Pricing Date, the Closing Price per Reference Share on the Pricing Date, except that if there is not a Trading Day immediately preceding the Pricing Date or (where pricing occurs after 4:00 p.m., New York City time, on the Pricing Date) if the Pricing Date is not a Trading Day, "Current Market Value" means the market value per Reference Share as of the Redemption Date as determined by a nationally recognized independent investment banking firm retained by the Company;

(10) "Designated Transaction Consideration" has the meaning set forth in Section 501(f);

(11) "DTC" means The Depository Trust Company;

(12) "Early Exchange Ratio" has the meaning set forth in Section 401(a);

(13) "Equity Security" means any stock or any similar security. Equity Securities shall not include any debt securities that are convertible or exchangeable into stock or similar securities;

(14) "Exchange Market Value" has the meaning set forth in Section 401(b);

(15) "Final Period Distribution" has the meaning set forth in Section 203(d);

(16) "Interest Payment Date" has the meaning set forth in Section 206(a);

(17) "Interest Rate" means a rate of \$0.29125 per ZENS per Quarterly Interest Period, or 2.0% per annum of the Original Principal Amount, plus the amount of the Reference Shares Dividend Amount;

(18) "Issue Date" has the meaning set forth in Section 206(a);

- (19) "Maturity Amount" has the meaning set forth in Section 203(c);
- (20) "Maturity Date" has the meaning set forth in Section 205;
- (21) "NYSE" means The New York Stock Exchange, Inc.;
- (22) "Original Principal Amount" has the meaning set forth in Section 202;

(23) "Pricing Date" has the meaning set forth in the definition of "Current Market Value";

(24) "Publicly Traded" means with respect to any security that, as of the date of determination, such security is either (i) listed for trading on the NYSE, (ii) listed for trading on any other United States national or regional securities exchange, (iii) reported on the Nasdaq National Market, or (iv) quoted in the over-the-counter market by the National Quotation Bureau or similar organization;

(25) "Quarterly Interest Period" means each of the quarterly interest periods of the ZENS commencing on March 16, June 16, September 16 and December 16 of each year while the ZENS are Outstanding and ending on the first succeeding June 15, September 15, December 15 and March 15 respectively; provided, however, that the first Quarterly Interest Period shall commence on the Issue Date and end on December 15, 1999;

(26) "Redemption Price" means the sum of (a) the higher of (i) the Contingent Principal Amount per ZENS or (ii) the sum of the Current Market Value of the Reference Shares attributable to one ZENS at the Redemption Date plus any deferred quarterly payments of the Interest Rate (including any accrued interest thereon) per ZENS, plus, in each case, the Final Period Distribution attributable to one ZENS, and (b) \$3.495 per ZENS if the Company redeems the ZENS prior to September 15, 2000, \$2.330 per ZENS if the Company redeems the ZENS on or after September 15, 2000 and prior to September 15, 2001, \$1.165 per ZENS if the Company redeems the ZENS on or after September 15, 2001 and prior to September 15, 2002, or zero if the Company redeems the ZENS any time on or after September 15, 2002;

(27) "Reference Company" means Time Warner Inc., a Delaware corporation, and any other issuer of a Reference Share;

(28) "Reference Company Successor" means (i) any surviving entity of any consolidation or merger of a Reference Company or subsequent surviving entity of a Reference Company and (ii) any acquiring entity of any share exchange involving a Reference Company or subsequent acquiring entity of a Reference Company;

(29) "Reference Share" has the meaning set forth in Section 501(a);

(30) "Reference Share Offer" means any tender offer or exchange offer made for all or a portion of a class of Reference Shares;

(31) "Reference Share Offer Adjustment" has the meaning set forth in Section 501(e);

(32) "Reference Share Proportionate Reduction" has the meaning set forth in Section 501(g);

(33) "Reference Shares Dividend Amount" means the amount of any quarterly cash dividends paid in respect of the Quarterly Interest Period on the Reference Shares attributable to one ZENS. The Reference Shares Dividend Amount shall include, but shall not be limited to, any quarterly cash dividends on the Reference Shares attributable to one ZENS that (i) are paid on the last day of the Quarterly Interest Period and (ii) if the last day of the Quarterly Interest Period is not a business day for the Reference Company and the quarterly cash dividends on such Reference Company's Reference Shares are generally paid on the last day of the Quarterly Interest Period, are paid on the first business day for the Reference Company following the last day of the Quarterly Interest Period;

(34) "Regular Record Date" has the meaning set forth in Section 206(b);

(35) "Rollover Offering" means a refinancing of the ZENS by way of either (a) a sale of all of the Reference Shares or (b) a sale of securities that are priced by reference to the Reference Shares, in either case, by means of a completed public offering or offerings by the Company and which is expected to yield net proceeds which are sufficient to pay the Redemption Price for all of the ZENS;

(36) "Time Warner Common Stock" means the common stock, \$0.01 par value per share, of Time Warner Inc.;

(37) "Trading Day" means a day on which the security, the Closing Price of which is being determined, (a) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (b) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of such security;

(38) "ZENS" has the meaning set forth in Section 201;

(39) All references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture No. 1; and

(40) The terms "herein," "hereof," "hereunder" and other words of similar import refer to this Supplemental Indenture No. 1.

## ARTICLE TWO

### The Series of Securities

Section 201. Title of the Securities. There shall be a series of Securities designated the "2.0% Zero-Premium Exchangeable Subordinated Notes due 2029" (the "ZENS").

Section 202. Limitation on Aggregate Original Principal Amount. Each ZENS shall represent \$58.25 in original principal amount (the "Original Principal Amount"), which is equal to the last reported sale price of one share of Time Warner Common Stock as reported on the NYSE on September 15, 1999. The aggregate number of ZENS (other than ZENS authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other ZENS pursuant to Sections 304, 305, 306 or 906 of the Indenture) shall be limited to 17,167,381 ZENS.

Section 203. Contingent Principal Amount; Maturity Amount.

(a) The Contingent Principal Amount shall initially be equal to the Original Principal Amount.

(b) If the sum of the Reference Shares Dividend Amount and Additional Interest, if any, for a Quarterly Interest Period is greater than \$.045, the Contingent Principal Amount per ZENS shall be reduced to the extent necessary so that the yield from the Issue Date to the Interest Payment Date relating to such Quarterly Interest Period or the Additional Interest Payment Date, as the case may be (including all quarterly payments of the Interest Rate and the fair market value of any Additional Interest payments) does not exceed a 2.309% annual yield. In no event shall the Contingent Principal Amount per ZENS be less than zero. The Contingent Principal Amount per ZENS shall be increased to the extent that the sum of the Reference Shares Dividend Amount and Additional Interest, if any, for a Quarterly Interest Period is less than \$.045, so that the yield from the Issue Date to the Interest Payment Date relating to such Quarterly Interest Period (including all quarterly payments of the Interest Rate and the fair market value of any Additional Interest payments) is not less than a 2.309% annual yield.

(c) At the Maturity Date, the Holders of ZENS shall be entitled to receive the Maturity Amount in cash for each ZENS they hold. The "Maturity Amount" shall mean an amount equal to the higher of (a) the Contingent Principal Amount per ZENS or (b) the sum of the Current Market Value of the Reference Shares attributable to one ZENS on the Maturity Date plus any deferred quarterly payments of the Interest Rate (including any accrued interest thereon) per ZENS, plus, in each case, the Final Period Distribution attributable to one ZENS.

(d) "Final Period Distribution" means, in respect of (a) the Maturity Date, a distribution determined in accordance with clauses (2) and (3) below, and (b) the Redemption Date, a distribution determined in accordance with clauses (1), (2) and (3) below. In the case of a Redemption Date in connection with a Rollover Offering, the distribution determined in accordance with clause (3) shall be all dividends and distributions on or in respect of the Reference Shares which a holder of Reference Shares on the Pricing Date would be entitled to receive.

- (1) Unless (a) the Redemption Date of the ZENS is also an Interest Payment Date or (b) quarterly interest has been deferred for the then current Quarterly Interest Period, an amount equal to an annual rate of 2.0% on the Original Principal Amount of the ZENS from the most recent Interest Payment Date to the Redemption Date, plus
- (2) a distribution equal to the sum of all dividends and distributions on or in respect of the Reference Shares declared by the applicable Reference Company and for which the record date falls during the period from the Issue Date to the date immediately preceding the first Trading Day of the applicable Averaging Period and which have not been distributed to holders of Reference Shares prior to the commencement of the Averaging Period, plus
- (3) a distribution equal to the sum of, for each successive scheduled Trading Day in the Averaging Period, the amounts determined in accordance with the following formula:

$$E \times (1 - 0.05n)$$

where:

E = all dividends and distributions on or in respect of the Reference Shares applicable to a ZENS which a holder of Reference Shares on the applicable day of the Averaging Period would be entitled to receive as a result of a record date that occurs on that day, provided that a record date that occurs on a day that is not a scheduled Trading Day shall be deemed to have occurred on the immediately preceding scheduled Trading Day; and

n = the number of scheduled Trading Days that have elapsed in the Averaging Period, with the first Trading Day of the Averaging Period being counted as zero.

The Holders of the ZENS are only entitled to receive distributions determined in accordance with clauses (2) or (3) above to the extent actually distributed by the applicable Reference Company. Cash amounts paid by the applicable Reference Company on Reference Shares as described above in clauses (2) or (3) before the Redemption Date or the Maturity Date, as the case may be, shall be paid on the Redemption Date or the Maturity Date, as the case may be. All other property distributed, or the cash value of the property, shall be distributed within twenty (20) Business Days after it is distributed on or in respect of the Reference Shares, which may be after the Maturity Date or the Redemption Date, as the case may be.

The Holders of the ZENS shall not be entitled to receive any distribution described above in clauses (2) and (3) if the record date for the distribution occurs on a day between the end of the Averaging Period and the Maturity Date or the Redemption Date, as the case may be.

(e) Upon maturity of the ZENS, the Company shall deliver to the Trustee a notice informing the Trustee of the Maturity Amount per ZENS and in the aggregate for all outstanding ZENS and its calculation thereof.

(f) In the event all of the Reference Shares cease to be Outstanding as a result of a tender offer, an exchange offer, a business combination or otherwise, the maturity of the ZENS will not be accelerated and the ZENS shall continue to remain Outstanding until the Maturity Date or the Redemption Date, as the case may be.

Section 204. Denominations. The ZENS shall be issuable in denominations of one ZENS and integral multiples thereof.

Section 205. Stated Maturity. The Stated Maturity of the principal of the ZENS shall be September 15, 2029 (the "Maturity Date").

Section 206. Interest and Interest Rates.

(a) The ZENS shall bear interest at the Interest Rate from and including September 21, 1999 (the "Issue Date") to, but excluding, the Maturity Date; provided that the initial interest payment on December 15, 1999 shall equal the sum of \$0.27183 per ZENS, which is calculated to equal an annual rate of 2.0% on the Original Principal Amount from the Issue Date to, but excluding, December 15, 1999, plus any Reference Shares Dividend Amount for the comparable Quarterly Interest Period. Such interest shall be payable quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing December 15, 1999 (each such date, an "Interest Payment Date"), subject to the Company's right to defer quarterly payments of the Interest Rate on the ZENS pursuant to Section 207 hereof.

(b) The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Persons in whose names the ZENS (or one or more Predecessor Securities) shall have been registered in the Securities Register at the close of business

on the March 1, June 1, September 1 or December 1, as the case may be, next preceding such Interest Payment Date whether or not such March 1, June 1, September 1 or December 1 is a Business Day (each such date, a "Regular Record Date"). Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall either (i) be paid to the Person in whose name such ZENS (or one or more Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of the ZENS not less than 10 calendar days prior to such Special Record Date, or (ii) be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the ZENS may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, all as more fully provided in the Indenture.

(c) Interest on the ZENS payable for any full Quarterly Interest Period shall be computed on the basis of a 360-day year of twelve 30-day months.

(d) Interest payable on any Interest Payment Date and at the Maturity Date or Redemption Date of the ZENS, as the case may be, shall be the amount of interest accrued from and including the most recent Interest Payment Date to which interest has been paid or duly provided for (or from and including the Issue Date if no interest has been paid or duly provided for with respect to the ZENS) to, but excluding, such Interest Payment Date or the Maturity Date or the Redemption Date, if any, as the case may be. If any Interest Payment Date, or the Maturity Date or Redemption Date falls on a day that is not a Business Day, the payment otherwise then due will be made on the next Business Day (and without any interest or other payment in respect of any such delay) with the same force and effect as if it were made on the date such payment was originally payable. However, if the next Business Day is in the next calendar year, payment of interest will be made on the preceding Business Day.

(e) Changes in the Contingent Principal Amount shall not affect the Interest Rate.

(f) In addition to the quarterly payments of the Interest Rate, the Company shall also distribute Additional Interest, if any, to the Holder of the ZENS. The Company shall not distribute any fractional units of securities to the Holders of the ZENS. In lieu of any fractional security, each Holder who would otherwise have been entitled to a fractional unit of securities shall be paid an amount in cash equal to such Holder's proportionate interest in the sum of the net proceeds from the sale or sales of such fractional units of securities on behalf of all such Holders. If a distribution on or in respect of the Reference Shares includes securities that are not Publicly Traded or includes property other than cash, the Company shall distribute to the Holders of the ZENS in cash the fair market value of any such securities or property comprising Additional Interest as determined in good faith by the Board of Directors. The Company shall distribute any Additional Interest on each Additional Interest Payment Date, if any, to the Persons in whose names the ZENS (or one or more Predecessor Securities) shall have been registered in the Securities Register on the applicable Additional Interest Regular Record Date, if any.

(g) Each ZENS shall initially be entitled to dividends and distributions on or with respect to one Reference Share as of the Issue Date, subject to adjustment as provided herein.

(h) At least five (5) Business Days prior to any distribution of Additional Interest on the ZENS, the Company shall deliver a notice to the Trustee setting forth: (i) the exact amount of property and/or cash to be distributed on or with respect to the Reference Shares per ZENS and (ii) the total amount of property and/or cash to be distributed on or with respect to the Reference Shares for all outstanding ZENS at the date of such distribution. If any distribution is made of any property that is not Publicly Traded, then at least five (5) Business Days prior to such distribution, the Company shall deliver to the Trustee: (i) a certified copy of the resolution of the Board of Directors establishing the fair market value of the property and (ii) a notice setting forth the exact amount of cash to be distributed on the Reference Shares per ZENS. The Trustee shall only be responsible for distributing property in the form of global book entry securities which are DTC eligible. The Company shall be responsible for acting as its own Paying Agent to make all other distributions of property. The Company shall prepare a press release relating to any such distribution and its record date and provide such notice to DTC, within five (5) Business Days after the Company's receipt of such Additional Interest, for dissemination through the DTC broadcast facility.

(i) The Company shall pay interest on any overdue installments of interest and the fair market value of Additional Interest, if any (without regard to any applicable grace period), at 2.309% per annum, compounded quarterly.

#### Section 207. Deferral of Interest.

(a) If no Event of Default has occurred and is continuing with respect to the ZENS, the Company may, at any time and from time to time, defer quarterly payments of the Interest Rate for up to 20 consecutive Quarterly Interest Periods; provided that a deferral of quarterly payments of the Interest Rate may not extend beyond the Maturity Date. A deferral of quarterly payments of the Interest Rate, in and of itself, if made in accordance with this Section 207, shall not constitute an Event of Default. The Company shall not defer distributions of Additional Interest. If the Company defers quarterly payments of the Interest Rate, the Contingent Principal Amount per ZENS shall be increased by the amount of the deferred quarterly payments of the Interest Rate, plus accrued interest thereon at an annual rate of 2.309%, compounded quarterly, and the Early Exchange Ratio shall increase to 100% from the date the Company notifies the Trustee of its decision to defer quarterly payments of the Interest Rate. After the Company pays all deferred quarterly payments of the Interest Rate, plus accrued interest thereon, together with the quarterly payment of the Interest Rate for the current Quarterly Interest Period, the Contingent Principal Amount shall be reduced by the amount of that payment of deferred quarterly payments of the Interest Rate plus accrued interest thereon, the Early Exchange Ratio shall decrease to 95%, and the Company may thereafter again defer quarterly payments of the Interest Rate as described above.

(b) Instead of paying or deferring cash payments of the Interest Rate for a Quarterly Interest Period, so long as the then Current Market Value (determined on the date that the Company notifies the Trustee of its decision to increase the number of Reference Shares attributable to each ZENS) of the Reference Shares exceeds the Original Principal Amount, the Company may at its option, but is not obligated to, increase the number of Reference Shares attributable to each ZENS by 0.57725% with respect to any quarterly payment of the Interest Rate (an annual rate of 2.309%). A decision to increase the number of Reference Shares attributable to each ZENS in lieu of making a quarterly payment of the Interest Rate, in and of itself, if made in accordance with this Section 207(b), shall not constitute an Event of Default. If the Company elects to make this Reference Share increase, (i) the Company shall be deemed current on that quarterly payment of the Interest Rate, (ii) the Contingent Principal Amount per ZENS shall not increase, (iii) the Holders of the ZENS shall not be entitled to receive cash interest for that Quarterly Interest Period, and (iv) the Early Exchange Ratio shall be 100% for the following Quarterly Interest Period. Thereafter, provided the Company is current on all quarterly payments of the Interest Rate, the Early Exchange Ratio shall decrease to 95%. All Reference Share increases, together with any successive Reference Share increases, shall continue to be in effect until the Maturity Date or the Redemption Date of the ZENS, as the case may be. At the time the Company elects to give notice that it does not intend to pay a quarterly payment of the Interest Rate in cash, it must elect to either accrue cash interest on the ZENS for that Quarterly Interest Period or increase the number of Reference Shares attributable to each ZENS, each as described above. The Company shall give the Trustee a notice if the Company decides to defer interest payments on the ZENS or elects to increase the number of Reference Shares attributable to each ZENS and shall prepare a press release to be provided to DTC for dissemination through the DTC broadcast facility. The Company shall give that notice to the Trustee one Business Day before the earlier of (i) the Regular Record Date for the next Interest Payment Date; or (ii) the date the Company is required by the rules of the NYSE (or any other applicable self-regulatory organization) to give notice to such organization or to the Holder of the ZENS as of the Regular Record Date or the Interest Payment Date. When applicable under this Section, the Company shall state in the notice that it is not subject to the twenty (20) consecutive Quarterly Interest Period limitation on deferral and may continue to defer quarterly payments of the Interest Rate until the Maturity Date or the Redemption Date, as the case may be.

(c) The notice described above in Section 207(b) shall set forth: (i) the Quarterly Interest Period with respect to which the Company is electing to defer payment of interest, (ii) the exact amount of increase of the Contingent Principal Amount per ZENS, (iii) the total amount of increase of the Contingent Principal Amount for all outstanding ZENS, (iv) a statement that the Early Exchange Ratio will increase to 100% prospectively from that date and (v) that no Event of Default has occurred and is continuing with respect to the ZENS. The Company is required to deliver such an Officers' Certificate for each interest payment deferred.

(d) If and when the Company pays all of its deferred interest and accrued interest, it must deliver to the Trustee a notice setting forth the calculation of accrued interest owed per ZENS and the total amount owed on all outstanding ZENS.

(e) If the Company elects to increase the amount of Reference Shares payable for each ZENS as provided for in Section 207(b) in lieu of paying accrued interest for that Quarterly

Interest Period, it shall deliver a notice to the Trustee setting forth: (i) the amount of such increase and the total amount, after such increase, of Reference Shares applicable to each ZENS and (ii) the total amount of Reference Shares applicable to all outstanding ZENS.

(f) In the event all of the Reference Shares cease to be Outstanding as a result of a tender offer, an exchange offer, a business combination or otherwise, the Company's right to defer quarterly payments of the Interest Rate under this Section shall no longer be subject to the twenty (20) consecutive Quarterly Interest Period limitation on deferral set forth in this Section. If such an event occurs, the Company shall have the right to defer quarterly payments of the Interest Rate until the Maturity Date or the Redemption Date, as the case may be, provided, however, the Company shall not defer payment of the Interest Rate beyond the Maturity Date.

Section 208. Place of Payment. The Place of Payment where the ZENS may be presented or surrendered for payment of the Maturity Amount, the Redemption Price, Additional Interest, if any, and interest on the ZENS shall be at the office or agency the Company maintains for such purpose within New York, New York, or, at the Company's option, payment of cash interest may be made by check mailed to the Holders of the ZENS at their respective addresses set forth in the Security Register or by wire transfer of immediately available funds to Holders of ZENS who have provided written wire transfer instructions, on or prior to the relevant Regular Record Date, to the Paying Agent. Until otherwise designated by the Company, the Place of Payment shall be the Corporate Trust Office of the Trustee.

Section 209. Place of Registration or Exchange; Notices and Demands With Respect to the ZENS. The place where the Holders of the ZENS may present the ZENS for registration of transfer or exchange and may make notices and demands to or upon the Company in respect of the ZENS shall be the Corporate Trust Office of the Trustee.

Section 210. Redemption; Sinking Fund Obligations.

(a) Pursuant to Article Three hereof, the ZENS are subject to redemption by the Company in whole, but not in part, upon payment of the Redemption Price.

(b) The Company has no obligation to redeem or purchase any ZENS pursuant to any sinking fund or analogous requirement or upon the happening of a specified event or at the option of a Holder thereof.

Section 211. Percentage of Principal Amount. The ZENS shall be initially issued to the public at a price equal to 100% of their Original Principal Amount.

Section 212. Global Securities. The ZENS shall be issuable in whole or in part in the form of one or more Global Securities. Such Global Securities shall be deposited with, or on behalf of, DTC, which shall act as Depositary with respect to the ZENS. Such Global Securities shall bear the legends set forth in the form of Security attached as Exhibit A hereto.

Section 213. Form of Securities. The ZENS shall be substantially in the form attached as Exhibit A hereto.

Section 214. Securities Registrar. The Trustee shall initially serve as Securities Registrar for the ZENS.

Section 215. Defeasance and Discharge; Covenant Defeasance. Article Fourteen of the Indenture, including without limitation, Sections 1402 and 1403 thereof, shall not apply to the ZENS.

Section 216. Exchange. Pursuant to Article Four hereof, the Holders of the ZENS may at any time exchange the ZENS for cash in an amount equal to the Early Exchange Ratio.

Section 217. Currency. Payment of principal and interest on the ZENS shall be payable in U.S. dollars.

Section 218. Calculations in Respect of the ZENS.

(a) The Company shall be responsible for making all calculations called for under the ZENS and hereunder. These calculations include, but are not limited to, determination of (i) the Contingent Principal Amount per ZENS, (ii) the Current Market Value of the Reference Shares, (iii) the Exchange Market Value of the Reference Shares, (iv) the Final Period Distribution on the ZENS, (v) the cash value of any securities that are not Publicly Traded or any other property distributed on the Reference Shares, (vi) the Designated Transaction Consideration in a Reference Share Offer, (vii) the composition of a Reference Share and (viii) the amount of accrued interest payable upon redemption or at maturity of the ZENS.

(b) The Company must make all these calculations in good faith and such calculations are final and binding on Holders of the ZENS, absent manifest error. The Company shall provide a schedule of its calculations to the Trustee and the Trustee is entitled to rely upon the accuracy of such calculations, without independent verification.

Section 219. Amount Payable upon Bankruptcy. Upon dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other similar proceedings in respect of the Company, each Holder of a ZENS shall be entitled to receive an amount in cash equal to the higher of (a) the Contingent Principal Amount per ZENS or (b) the sum of the Current Market Value (without giving effect to the provisions hereof relating to Rollover Offerings) of the Reference Shares attributable to one ZENS on the date of such event plus any deferred quarterly payments of the Interest Rate (including any accrued interest thereon), plus, in each case, the Final Period Distribution, determined as if the date of such event was the Maturity Date of the ZENS.

Section 220. Amount Payable upon Acceleration of Maturity. Upon the acceleration of the maturity of the ZENS, each Holder of a ZENS shall be entitled to receive an amount in cash equal to the higher of (a) the Contingent Principal Amount per ZENS or (b) the sum of the Current Market Value (without giving effect to the provisions hereof relating to Rollover Offerings) of the Reference Shares attributable to one ZENS on the date of such event plus any deferred quarterly payments of the Interest Rate (including any accrued interest thereon), plus in each case, the Final Period Distribution determined as if the date of such event was the Redemption Date.

Section 221. Principal Amount Deemed Outstanding. If for any reason under the Indenture a determination of the aggregate principal amount of the Outstanding ZENS is required, the aggregate principal amount of the Outstanding ZENS shall equal the product of (a) the higher of (i) the Contingent Principal Amount per ZENS or (ii) the sum of the Current Market Value (without giving effect to the provisions of the Indenture relating to Rollover Offerings) of the Reference Shares attributable to one ZENS on the date of such determination plus any deferred quarterly payments of the Interest Rate (including any accrued interest thereon), plus in each case, the Final Period Distribution determined as if the date of such determination was the Maturity Date and (b) the aggregate number of ZENS then Outstanding.

### ARTICLE THREE

#### Optional Redemption

##### Section 301. Optional Redemption.

(a) The Company may redeem the ZENS at any time in whole but not in part at the Redemption Price.

(b) If the Company is planning to effect a Rollover Offering, the Company shall issue a press release prior to 4:00 p.m., New York City time, on the Business Day immediately before the day on which the Closing Price of the Reference Shares is to be measured for the purpose of determining the Current Market Value in connection with such Rollover Offering. The notice shall state that the Company is firmly committed to price the Rollover Offering, shall specify the date on which the Rollover Offering is to be priced (including whether the Rollover Offering will be priced during trading on the Pricing Date or after the close of trading on the Pricing Date) and consequently, whether the Closing Price for the Reference Shares by which the Current Market Value will be measured will be the Closing Price on the Trading Day immediately preceding the Pricing Date or the Closing Price on the Pricing Date. The Company shall provide such press release to DTC for dissemination through the DTC broadcast facility. The Trustee shall notify Holders of the ZENS of any election to redeem such Holders' ZENS in connection with a Rollover Offering not less than thirty (30) Business Days nor more than sixty (60) Business Days prior to the Redemption Date.

(c) Notwithstanding Sections 1102 and 1104 of the Indenture, in case of redemption of the ZENS, the Company shall give not less than thirty (30) Business Days' notice to the Trustee (unless such shorter period shall be satisfactory to the Trustee) together with a notice setting forth on a per ZENS and an aggregate basis, the estimated Redemption Price, the Contingent Principal Amount, the Current Market Value of the Reference Shares and the deferred quarterly payments of the Interest Rate, if any. The Trustee shall give Holders at least thirty (30) Business Days' notice before redemption of the ZENS and the Company shall irrevocably deposit with the Trustee, on or prior to the Redemption Date, sufficient funds to pay the aggregate Redemption Price for the ZENS. Interest on the ZENS to be paid on or before the Redemption Date for the ZENS shall be payable to the Holders of ZENS on the Regular Record Date for the related Interest Payment Date, except to the extent such interest payments are payable as part of the Final Period Distribution.

(d) Once notice of redemption is given and funds are irrevocably deposited, interest on the ZENS shall cease to accrue on and after the Redemption Date and all rights of the Holders of the ZENS shall cease, except for the right of Holders to receive the Redemption Price (but without interest on such Redemption Price), including, if applicable, the Final Period Distribution.

(e) If the Redemption Date is not a Business Day, then the Redemption Price shall be payable on the next Business Day (and without any interest or other payment in respect of any such delay). However, if the next Business Day is in the next calendar year, the Redemption Price shall be payable on the preceding Business Day. If payment of the Redemption Price for any ZENS called for redemption is improperly withheld or refused and not paid by the Company, interest on the ZENS shall continue to accrue at an annual rate of 2.0% from the original Redemption Date scheduled to the actual date of payment. In such a case, the actual payment date shall be considered the Redemption Date for purposes of calculating the Redemption Price. The Final Period Distribution shall be deemed paid on the original Redemption Date scheduled to the extent paid as set forth in the definition of Final Period Distribution.

#### ARTICLE FOUR

##### Optional Exchange

###### Section 401. Exchange Option.

(a) A Holder of ZENS may at any time exchange a ZENS for an amount of cash equal to a percentage (the "Early Exchange Ratio") of the Exchange Market Value of the Reference Shares attributable to each ZENS exchanged. The Early Exchange Ratio shall be equal to (a) 95% of the Exchange Market Value of the Reference Shares attributable to each ZENS or (b) 100% of the Exchange Market Value of the Reference Shares attributable to each ZENS (i) during a deferral of the quarterly interest payments on the ZENS, (ii) for the Quarterly Interest Period following the

Company's election to increase the number of Reference Shares pursuant to Section 207(b) hereof or (iii) if the Company so elects, during the pendency of any Reference Share Offer. The Company shall pay the Holder of a ZENS the amount due upon exchange as soon as reasonably practicable after the Holder exercises such right of exchange in accordance with Section 401(c) hereof, but in no event earlier than three (3) Trading Days after the date the Holder exercises such right of exchange in accordance with Section 401(c) hereof or later than ten (10) Trading Days after the date the Holder exercises such right of exchange in accordance with Section 401(c) hereof.

(b) "Exchange Market Value" means the Closing Price of the Reference Shares attributable to one ZENS on the Trading Day following the date a Holder of ZENS exercises such right of exchange in accordance with Section 401(c) hereof, unless more than 500,000 ZENS have been delivered for exchange on such date. If more than 500,000 ZENS have been delivered for exchange, then the Exchange Market Value shall be the average Closing Price of the Reference Shares attributable to one ZENS on the five (5) Trading Days following such date. If more than 500,000 ZENS are delivered for exchange on any one day, the Company shall give notice of that fact by (i) issuing a press release prior to 9:00 a.m. New York City time on the next Trading Day, (ii) providing notice to DTC for dissemination through the DTC broadcast facility and (iii) providing notice to the Trustee. The Company's failure to provide these notices, however, shall not affect the determination of the Exchange Market Value as described above.

(c) So long as the ZENS are represented by a Global Security or Securities and held through DTC, a Holder of ZENS may exercise such right of exchange through the relevant direct participant in the DTC ATOP system by delivering an agent's message and delivering the Holder's ZENS to the Trustee's DTC participant account. If the ZENS are no longer represented by a Global Security or Securities but are held in certificated form, a Holder of ZENS may exercise such right of exchange as follows: the Holder shall (i) complete and manually sign an Option to Exchange ZENS form in the form attached to the reverse of the ZENS certificate or available from the Trustee and deliver such completed Option to Exchange ZENS form to the Trustee at the office maintained by the Trustee for such purpose, (ii) surrender the ZENS to the Trustee, (iii) if required, furnish appropriate endorsements and transfer documents, and (iv) if required, pay all transfer or similar taxes.

(d) By 12:00 noon New York City time on each Business Day following receipt by the Trustee of notification from DTC that they have received an agent's message from a DTC participant electing to exercise their exchange option with respect to their ZENS and delivery of such ZENS into the Trustee's DTC participant account or following receipt of a complete manually signed Option to Exchange ZENS form and receipt of ZENS from a Holder, the Trustee shall notify the Company of the amount of ZENS which were tendered. The Company shall deliver a notice to the Trustee setting forth the exact amount to be paid to the tendering Holder and shall deposit such amount with the Trustee. Upon receipt of such payment from the Company, the Trustee shall pay DTC, as soon as practicable or in the case of ZENS that are held in certificated form, as directed by the tendering Holder.

(e) Pursuant to the Indenture, the date on which all of the foregoing requirements have been satisfied is the Redemption Date with respect to the ZENS delivered for exchange.

## ARTICLE FIVE

### Reference Share Adjustments

#### Section 501. Reference Share Adjustments.

(a) As of the Issue Date, a "Reference Share" means one share of Time Warner Common Stock. Any Publicly Traded Equity Securities that are distributed on or in respect of the Reference Shares, shall themselves become Reference Shares.

(b) Subject to a Reference Share Offer Adjustment as described in Section 501(e) hereof, a "Reference Share" means, collectively (a) one share of Time Warner Common Stock (to the extent not combined, subdivided, converted, reclassified or exchanged as set forth below) and (b) each share of Publicly Traded Equity Securities allocable to a Reference Share in respect of such share of Time Warner Common Stock or other Reference Shares (either directly or as the result of successive applications of this paragraph) upon any of the following events: (i) the distribution on or in respect of a Reference Share in Reference Shares, (ii) the combination of Reference Shares into a smaller number of shares or other units, (iii) the subdivision of outstanding shares or other units of Reference Shares, (iv) the conversion or reclassification of Reference Shares by issuance or exchange of other securities, (v) any consolidation or merger of a Reference Company, or any Reference Company Successor, with or into another entity (other than a merger or consolidation in which the Reference Company is the continuing corporation and in which the Reference Company common stock outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of the Reference Company or another corporation), (vi) any statutory exchange of securities of the Reference Company or any Reference Company Successor with another corporation (other than in connection with a merger or acquisition and other than a statutory exchange of securities in which the Reference Company is the continuing corporation and in which the Reference Company common stock outstanding immediately prior to the statutory exchange is not exchanged for cash, securities or other property of the Reference Company or another corporation), or (vii) any liquidation, dissolution or winding up of the Reference Company or any Reference Company Successor.

(c) In connection with any consolidation or merger of a Reference Company, or any Reference Company Successor, the Company shall distribute as Additional Interest on each ZENS the consideration consisting of cash and Publicly Traded securities (other than Publicly Traded Equity Securities, which will themselves become Reference Shares), if any, and in cash the fair market value (as determined in good faith by the Board of Directors) of any consideration consisting of non-Publicly Traded securities or property, if any, deemed to be paid or distributed on or in respect of the Reference Shares and attributable to each ZENS.

(d) In the event of a Reference Share Offer, the Company shall, at its option, either: (i) increase the Early Exchange Ratio to 100% during the pendency of the Reference Share Offer; or (ii) make a Reference Share Offer Adjustment and distribute Additional Interest, if any, each as described below.

(e) A "Reference Share Offer Adjustment" means that the Reference Shares attributable to one ZENS shall be adjusted so that: (i) each share of Publicly Traded Equity Securities, if any, deemed to be paid or distributed on or in respect of a Reference Share as the Designated Transaction Consideration shall itself become a Reference Share and (ii) the Reference Shares which are the subject of the applicable Reference Share Offer and attributable to one ZENS shall be reduced by the Reference Share Proportionate Reduction.

(f) The "Designated Transaction Consideration" deemed to be allocated to one Reference Share in a Reference Share Offer shall be equal to (a) the aggregate consideration actually paid or distributed to all holders of Reference Shares that received or elected to receive in the Reference Share Offer the maximum amount of consideration to be paid in Publicly Traded Equity Securities, if any, divided by (b) the total number of Reference Shares held by such holders receiving or electing to receive in the Reference Share Offer the maximum amount of consideration to be paid in Publicly Traded Equity Securities. If the Reference Share Offer does not provide holders of Reference Shares with a choice between Publicly Traded Equity Securities and other forms of consideration or if none of the holders of Reference Shares elect to receive the maximum amount of consideration to be paid in Publicly Traded securities, then the "Designated Transaction Consideration" deemed to be allocated to one Reference Share in a Reference Share Offer shall be equal to (x) the aggregate consideration actually paid or distributed to all holders of Reference Shares in the Reference Share Offer, divided by (y) the total number of Reference Shares participating in that Reference Share Offer.

(g) The "Reference Share Proportionate Reduction" means a proportionate reduction in the number of Reference Shares which are the subject of the applicable Reference Share Offer and attributable to one ZENS calculated in accordance with the following formula:

$$R = \frac{X}{N}$$

where:

R = the fraction by which the number of Reference Shares of the class of Reference Shares subject to the Reference Share Offer and attributable to one ZENS will be reduced.

X = the aggregate number of Reference Shares of the class of Reference Shares subject to the Reference Share Offer accepted in the Reference Share Offer.

N = the aggregate number of Reference Shares of the class of Reference Shares subject to the Reference Share Offer outstanding immediately prior to the expiration of the Reference Share Offer.

(h) If the Company elects to make a Reference Share Offer Adjustment, it shall distribute as Additional Interest on each ZENS the Designated Transaction Consideration deemed to be paid or distributed on or in respect of the Reference Shares of the class subject to the Reference Share Offer and attributable to each ZENS immediately prior to giving effect to the Reference Share Proportionate Reduction relating to that Reference Share Offer (other than Designated Transaction Consideration that consists of Publicly Traded Equity Securities, which shall themselves become Reference Shares as a result of a Reference Share Offer Adjustment).

(i) If the Company elects to make a Reference Share Offer Adjustment, and, during the pendency of the Reference Share Offer another Reference Share Offer is commenced in relation to the Reference Shares that are the subject of the then existing Reference Share Offer, the Company may change its original election by electing to increase the Early Exchange Ratio to 100% during the pendency of the new Reference Share Offer or the Company may continue to elect to make a Reference Share Offer Adjustment. The Company shall similarly be entitled to change its election for each further Reference Share Offer made during the pendency of any Reference Share Offer for the same class of Reference Shares. For the purposes of these adjustments, a material change to the terms of an existing Reference Share Offer shall be deemed to be a new Reference Share Offer.

(j) If the Company elects to increase the Early Exchange Ratio to 100% in connection with a Reference Share Offer, no Reference Share Offer Adjustment shall be made and the Company shall not be able to change its election if any further Reference Share Offer relating to the same class of Reference Shares is made.

(k) The Company shall give the Trustee notice, no later than ten (10) Business Days before the scheduled expiration of the Reference Share Offer, of its election in the event of any Reference Share Offer. The Company shall also prepare a press release and provide it to DTC for dissemination through the DTC broadcast facility.

## ARTICLE SIX

### Miscellaneous Provisions

Section 601. The Indenture, as supplemented and amended by this Supplemental Indenture No. 1, is in all respects hereby adopted, ratified and confirmed.

Section 602. This Supplemental Indenture No. 1 may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but

one and the same instrument. This Supplemental Indenture No. 1 shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

Section 603. THIS SUPPLEMENTAL INDENTURE NO. 1 AND EACH ZENS SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 1 to be duly executed, as of the day and year first written above.

RELIANT ENERGY, INCORPORATED

By: /s/ Stephen W. Naeve

-----  
Name: Stephen W. Naeve  
Title: Vice Chairman and  
Chief Financial Officer

Attest:

/s/ Richard B. Dauphin

-----  
Name: Richard B. Dauphin  
Title: Assistant Corporate  
Secretary

(SEAL)

CHASE BANK OF TEXAS, NATIONAL  
ASSOCIATION, as Trustee

By: /s/ Debbie Miller

-----  
Name: Debbie Miller  
Title: Vice President and  
Trust Officer

(SEAL)

Exhibit A

[FORM OF FACE OF SECURITY]

IF THIS SECURITY IS TO BE A GLOBAL SECURITY IT SHALL BEAR THE FOLLOWING LEGEND - THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY.

[For as long as this Global Security is deposited with or on behalf of The Depository Trust Company it shall bear the following legend.] Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Reliant Energy, Incorporated or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

RELIANT ENERGY, INCORPORATED

2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (ZENS(SM))

No. \_\_\_\_\_

\_\_\_\_\_ ZENS  
CUSIP No. 75952J207

RELIANT ENERGY, INCORPORATED, a corporation duly organized and existing under the laws of the State of Texas (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to \_\_\_\_\_ or its registered assigns, the Maturity Amount on September 15, 2029 (the "Maturity Date"), unless this Security has been previously redeemed or exchanged, at the office or agency of the Company in New York, New York, and to pay interest, subject to the Company's right to defer quarterly payments of interest on this Security as specified on the reverse hereof, at the

Interest Rate specified below, from the original date of issuance of this Security or from the most recent March 15, June 15, September 15 and December 15 to which interest has been paid or duly provided for, quarterly in arrears on the 15th day of March, June, September and December of each year, commencing December 15, 1999 (each such date, an "Interest Payment Date"), until payment of the Maturity Amount, or if earlier redeemed, the Redemption Price, has been in either case made or duly provided for or until exchange of this Security in the manner specified on the reverse hereof. For purposes of this Security, the "Interest Rate" means a rate of \$0.29125 per ZENS per Quarterly Interest Period, or 2.0% per annum of the Original Principal Amount, plus the amount of the Reference Shares Dividend Amount; provided that the initial interest payment on December 15, 1999 shall equal the sum of \$0.27183 per ZENS, which is calculated to equal an annual rate of 2.0% on the Original Principal Amount from the Issue Date to, but excluding, December 15, 1999, plus any Reference Shares Dividend Amount for the comparable Quarterly Interest Period. Additional Interest shall be distributed as specified on the reverse hereof. Changes in the Contingent Principal Amount shall not affect the Interest Rate. Interest may be deferred, at the election of the Company, as specified on the reverse hereof.

Any such interest payable on any Interest Payment Date shall (subject to exceptions provided in the Indenture referred to on the reverse hereof) be paid to the Person in whose name this Security or the Securities in exchange or substitution for which this Security shall have been issued, shall have been registered in the Securities Register at the close of business on March 1, June 1, September 1 or December 1, as the case may be next preceding such Interest Payment Date whether or not such March 1, June 1, September 1 or December 1 is a Business Day (each such date, a "Regular Record Date"). Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Holder on such Regular Record Date and shall either (i) be paid to the Person in whose name this Security (or one or more Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of the ZENS not less than 10 calendar days prior to such Special Record Date, or (ii) be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the ZENS may be listed or traded, and upon such notice as may be required by such exchange or automated quotation system, all as more fully provided in the Indenture.

Interest on this Security payable for any full Quarterly Interest Period shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest payable on any Interest Payment Date and at the Maturity Date or Redemption Date, as the case may be, shall be the amount of interest accrued from and including the most recent Interest Payment Date to which interest has been paid or duly provided for (or from and including the Issue Date if no interest has been paid or duly provided for with respect to this Security) to, but excluding, such Interest Payment Date or the Maturity Date or Redemption Date, as the case may be. If any Interest Payment Date, or the Maturity Date or Redemption Date falls on a day that is not a Business Day, the payment otherwise then due will be made on the next Business Day (and without any interest or other payment in respect of any such delay) with the same force and

effect as if it were made on the date such payment was originally payable. However, if the next Business Day is in the next calendar year, payment of interest will be made on the preceding Business Day.

This Security is an unsecured, subordinated obligation of the Company. The indebtedness evidenced by this Security is, to the extent provided in the Indenture, subordinate and junior in right of payment to the prior payment in full of all Senior Debt (as such term is defined in the Indenture), and this Security is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided and (c) appoints the Trustee his attorney-in-fact for any and all such purposes. Each Holder hereof, by his acceptance hereof, hereby waives all notice of the acceptance of the subordination provisions contained herein and in the Indenture by each holder of Senior Debt, whether now outstanding or hereafter incurred, and waives reliance by each such holder upon said provisions.

Capitalized terms used on the face hereof without definition have the meaning specified on the reverse hereof.

THE PROVISIONS OF THIS SECURITY ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

\* \* \*

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated: \_\_\_\_\_

RELIANT ENERGY, INCORPORATED

By: \_\_\_\_\_

Name:

Title:

(SEAL)

Attest:

-----

Name:

Title:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

CHASE BANK OF TEXAS,  
NATIONAL ASSOCIATION, as Trustee

Date of Authentication: \_\_\_\_\_

By: \_\_\_\_\_

Authorized Signatory

2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (ZENS(SM))

General

This Security is one of a duly authorized issue of subordinated debentures, notes, bonds or other evidences of indebtedness of the Company (herein called the "Securities") of the series hereinafter specified, all issued or to be issued under a Subordinated Indenture, dated as of September 1, 1999, as supplemented by Supplemental Indenture No. 1 thereto, dated as of September 1, 1999 (as supplemented, herein called the "Indenture"), each executed between the Company and Chase Bank of Texas, National Association, a national banking association duly organized and existing under the laws of the United States of America (hereinafter called the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a specification of the rights and limitations of rights thereunder of the registered Holders of the Securities, the rights and obligations thereunder of the Company and the rights, duties and immunities thereunder of the Trustee and the terms upon which the Securities are, and are to be, authenticated and delivered. The terms of the Indenture are hereby incorporated by reference herein. This Security is one of a series designated as the "2.0% Zero-Premium Exchangeable Subordinated Notes due 2029" (hereinafter called the "ZENS") of the Company. Each ZENS shall represent \$58.25 in Original Principal Amount. The aggregate number of ZENS (other than ZENS authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other ZENS pursuant to Section 304, 305, 306 or 906 of the Indenture) shall be limited to 17,167,381 ZENS.

The Maturity Amount, the Redemption Price, Additional Interest, if any, and quarterly payments of the Interest Rate on the ZENS shall be payable at the office or agency the Company maintains for such purpose within New York, New York as a Place of Payment or, at the Company's option, quarterly payments of the Interest Rate may be made by check mailed to the Holders of the ZENS at their respective addresses set forth in the Security Register or by wire transfer of immediately available funds to Holders of ZENS who have provided wire transfer instructions, on or prior to the relevant Regular Record Date, to the Paying Agent. Until otherwise designated by the Company, the Place of Payment shall be the Corporate Trust Office of the Trustee.

Interest and Additional Interest

The Company shall pay interest to the Holder of this Security in such amounts and at such times as specified on the face of this Security. At least five (5) Business Days prior to each Interest Payment Date the Company shall deliver a notice to the Trustee setting forth: (i) the amount of interest per ZENS due for that Quarterly Interest Period, (ii) the applicable

Reference Shares Dividend Amount for that Quarterly Interest Period and (iii) the total payment due for that Quarterly Interest Period on all ZENS outstanding.

In addition to the quarterly payments of the Interest Rate, the Company shall also distribute to Holders of the ZENS, as additional interest on each ZENS ("Additional Interest"), any Publicly Traded securities (other than Publicly Traded Equity Securities, which shall themselves become Reference Shares), any cash (other than the Reference Shares Dividend Amount) and the cash value of any other securities or property, distributed on or in respect of the Reference Shares attributable to one ZENS. The Company shall not distribute any fractional units of securities to Holders of the ZENS. The Company shall pay cash to Holders of the ZENS instead of distributing the fractional units. If a distribution on or in respect of the Reference Shares includes securities that are not Publicly Traded or includes property other than cash, the Company shall distribute to Holders of the ZENS in cash the fair market value of any such securities or property comprising Additional Interest as determined in good faith by the Board of Directors. The Company shall distribute Additional Interest twenty (20) Business Days after the date any cash (other than the Reference Shares Dividend Amount) or property (other than Publicly Traded Equity Securities, which shall themselves become Reference Shares) is distributed on or in respect of the Reference Shares. The record date for any distribution of Additional Interest is the date ten (10) Business Days after the date any cash (other than the Reference Shares Dividend Amount) or property (other than Publicly Traded Equity Securities, which shall themselves become Reference Shares) is distributed on or in respect of the Reference Shares. Each ZENS shall initially be entitled to dividends and distributions on or with respect to one Reference Share as of the Issue Date, subject to adjustment as provided herein.

At least five (5) Business Days prior to any distribution of Additional Interest on the ZENS, the Company shall deliver a notice to the Trustee setting forth: (i) the exact amount of property and/or cash to be distributed on or with respect to the Reference Shares per ZENS and (ii) the total amount of property and/or cash to be distributed on or with respect to the Reference Shares for all outstanding ZENS at the date of such distribution. If any distribution is made of any property that is not Publicly Traded, then at least five (5) Business Days prior to such distribution, the Company shall deliver to the Trustee: (i) a certified copy of the resolution of the Board of Directors establishing the fair market value of the property and (ii) a notice setting forth the exact amount of cash to be distributed on the Reference Shares per ZENS. The Trustee shall only be responsible for distributing property in the form of global book entry securities which are DTC eligible. The Company shall be responsible for acting as its own Paying Agent to make all other distributions of property. The Company shall prepare a press release relating to any such distribution to be provided to DTC for dissemination through the DTC broadcast facility.

If a quarterly payment of the Interest Rate or Additional Interest is payable on a date that is not a Business Day (as defined at the end of this paragraph), payment will be made on the next Business Day (and without any interest or other payment in respect of such delay). However, if the

next Business Day is in the next calendar year, payment of interest will be made on the preceding Business Day. A "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Houston, Texas or New York, New York are authorized or obligated by law or regulation to close.

The Company shall pay interest on overdue installments of quarterly payments of the Interest Rate and the fair market value of Additional Interest, if any (without regard to any applicable grace period), at 2.309% per annum, compounded quarterly.

#### Deferral of Interest Payments

If no Event of Default (as such term is defined in the Indenture) has occurred and is continuing with respect to the ZENS, the Company may, at any time and from time to time, defer quarterly payments of the Interest Rate for up to 20 consecutive Quarterly Interest Periods; provided that a deferral of quarterly payments of the Interest Rate may not extend beyond the Maturity Date. A deferral of quarterly payments of the Interest Rate, in and of itself, if made in accordance with the provisions of the Indenture, shall not constitute an Event of Default. The Company shall not defer distributions of Additional Interest. If the Company defers quarterly payments of the Interest Rate, the Contingent Principal Amount per ZENS shall be increased by the amount of the deferred quarterly payments of the Interest Rate, plus accrued interest thereon at an annual rate of 2.309%, compounded quarterly, and the Early Exchange Ratio shall increase to 100% from the date the Company notifies the Trustee of its decision to defer quarterly payments of the Interest Rate. After the Company pays all deferred quarterly payments of the Interest Rate, plus accrued interest thereon, together with the quarterly payment of the Interest Rate for the current Quarterly Interest Period, the Contingent Principal Amount shall be reduced by the amount of that payment of deferred quarterly payments of the Interest Rate plus accrued interest thereon, the Early Exchange Ratio shall decrease to 95%, and the Company may thereafter again defer quarterly payments of the Interest Rate as described above.

Instead of paying or deferring cash payments of the Interest Rate for a Quarterly Interest Period, so long as the then Current Market Value (determined on the date that the Company notifies the Trustee of its decision to increase the number of Reference Shares attributable to each ZENS) of the Reference Shares exceeds the Original Principal Amount, the Company may at its option, but is not obligated to, increase the number of Reference Shares attributable to each ZENS by 0.57725% with respect to any quarterly payment of the Interest Rate (an annual rate of 2.309%). A decision to increase the number of Reference Shares attributable to each ZENS in lieu of making a quarterly payment of the Interest Rate, in and of itself, if made in accordance with the provisions of the Indenture, shall not constitute an Event of Default. If the Company elects to make this Reference Share increase, (i) the Company shall be deemed current on that quarterly payment of the Interest Rate, (ii) the Contingent Principal Amount per ZENS shall not increase, (iii) the Holder of this Security shall not be entitled to receive cash interest for that Quarterly Interest Period, and (iv) the Early Exchange Ratio shall be 100% for the following Quarterly Interest Period. Thereafter, provided the Company is current on all quarterly payments of the Interest Rate, the Early Exchange Ratio shall decrease to 95%. All Reference Share increases, together with any successive Reference Share increases, shall continue to be in effect until the Maturity Date or Redemption Date of the ZENS, as the case may be. At the time the Company

elects to give notice that it does not intend to pay a quarterly payment of the Interest Rate in cash, it must elect to either accrue cash interest on the ZENS for that Quarterly Interest Period or increase the number of Reference Shares attributable to the ZENS, each as described above. The Company shall give the Trustee notice if the Company decides to defer interest payments on the ZENS and shall prepare a press release to be provided to DTC for dissemination through the DTC broadcast facility. The Company shall give that notice to the Trustee one Business Day before the earlier of (i) the Regular Record Date for the next Interest Payment Date; or (ii) the date the Company is required by the rules of the NYSE (or any other applicable self-regulatory organization) to give notice to such organization or to the Holder of this Security as of the Regular Record Date or the Interest Payment Date. When applicable under the Indenture, the Company shall state in the notice that it is not subject to the twenty (20) consecutive Quarterly Interest Period limitation on deferral and may continue to defer quarterly payments of the Interest Rate until the Maturity Date or the Redemption Date, as the case may be.

The notice described above shall set forth: (i) the Quarterly Interest Period with respect to which the Company is electing to defer payment of interest, (ii) the exact amount of increase of the Contingent Principal Amount per ZENS, (iii) the total amount of increase of the Contingent Principal Amount for all outstanding ZENS, (iv) a statement that the Early Exchange Ratio will increase to 100% prospectively from that date and (v) that no Event of Default has occurred and is continuing with respect to the ZENS. The Company is required to deliver such notice for each interest payment deferred.

If and when the Company pays all of its deferred interest and accrued interest, it must deliver to the Trustee a notice setting forth the calculation of accrued interest owed per ZENS and the total amount owed on all outstanding ZENS.

If the Company elects to increase the amount of Reference Shares payable for each ZENS as provided for in the Indenture in lieu of paying accrued interest for that Quarterly Interest Period, it shall deliver a notice to the Trustee setting forth: (i) the amount of such increase and the total amount, after such increase, of Reference Shares applicable to each ZENS and (ii) the total amount of Reference Shares applicable to all outstanding ZENS.

In the event all of the Reference Shares cease to be Outstanding as a result of a tender offer, an exchange offer, a business combination or otherwise, the Company's right to defer quarterly payments of the Interest Rate under the Indenture shall no longer be subject to the twenty (20) consecutive Quarterly Interest Period limitation on deferral set forth in the Indenture. If such an event occurs, the Company shall have the right to defer quarterly payments of the Interest Rate until the Maturity Date or the Redemption Date, as the case may be, provided, however, the Company shall not defer payment of the Interest Rate beyond the Maturity Date.

#### Principal Amount

The Original Principal Amount per ZENS is equal to \$58.25. The minimum amount payable upon redemption or maturity of a ZENS (the "Contingent Principal Amount") shall initially

be equal to the Original Principal Amount. If the sum of the Reference Shares Dividend Amount and any Additional Interest for a Quarterly Interest Period is greater than \$.045, the Contingent Principal Amount per ZENS shall be reduced to the extent necessary so that the yield from the Issue Date to the Interest Payment Date relating to such Quarterly Interest Period or the Additional Interest Payment Date, as the case may be (including all quarterly payments of the Interest Rate and the fair market value of any Additional Interest payments) does not exceed a 2.309% annual yield. In no event shall the Contingent Principal Amount per ZENS be less than zero. The Contingent Principal Amount per ZENS shall be increased to the extent that the sum of the Reference Shares Dividend Amount and any Additional Interest for a Quarterly Interest Period paid on the Reference Shares attributable to one ZENS is less than \$.045, so that the yield from the Issue Date to the Interest Payment Date relating to the Interest Payment Date relating to such Quarterly Interest Period (including all quarterly payments of the Interest Rate and the fair market value of any Additional Interest payments) is not less than a 2.309% annual yield.

At the Maturity Date, Holders of the ZENS shall be entitled to receive in cash for each ZENS the Maturity Amount. The "Maturity Amount" shall mean the higher of (a) the Contingent Principal Amount per ZENS or (b) the sum of the Current Market Value of the Reference Shares attributable to one ZENS on the Maturity Date plus any deferred quarterly payments of the Interest Rate (including any accrued interest thereon) per ZENS, plus, in each case, the Final Period Distribution attributable to one ZENS.

Upon maturity of the ZENS the Company shall deliver to the Trustee a notice informing the Trustee of the Maturity Amount per ZENS and in the aggregate for all outstanding ZENS and its calculation thereof.

#### Exchange Option

A Holder of ZENS may at any time exchange a ZENS for an amount of cash equal to a percentage (the "Early Exchange Ratio") of the Exchange Market Value of the Reference Shares attributable to each ZENS exchanged. The Early Exchange Ratio shall be equal to (a) 95% of the Exchange Market Value of the Reference Shares attributable to each ZENS or (b) 100% of the Exchange Market Value of the Reference Shares attributable to each ZENS (i) during a deferral of the quarterly payments of the Interest Rate on the ZENS (ii) for the Quarterly Interest Period following the Company's election to increase the number of Reference Shares in accordance with the terms of the Indenture or (iii) if the Company so elects, during the pendency of any Reference Share Offer. The Company shall pay the Holder of a ZENS the amount due upon exchange as soon as reasonably practicable after the Holder exercises such right of exchange in accordance with the Indenture, but in no event earlier than three (3) Trading Days after the date the Holder exercises such right of exchange in accordance with the Indenture or later than ten (10) Trading Days after the date the Holder exercises such right of exchange in accordance with the Indenture.

"Exchange Market Value" means the Closing Price of the Reference Shares attributable to one ZENS on the Trading Day following the date a Holder of ZENS delivers a

completed Option to Exchange ZENS form to the Trustee, unless more than 500,000 ZENS have been delivered for exchange on such date. If more than 500,000 ZENS have been delivered for exchange, then the Exchange Market Value shall be the average Closing Price on the Reference Shares attributable to one ZENS on the five (5) Trading Days following such date. If more than 500,000 ZENS are delivered for exchange on any one day, the Company shall give notice of that fact by (i) issuing a press release prior to 9:00 a.m. New York City time on the next Trading Day, (ii) providing notice to DTC for dissemination through the DTC broadcast facility and (iii) providing notice to the Trustee. The Company's failure to provide these notices, however, shall not affect the determination of the Exchange Market Value as described above.

So long as the ZENS are represented by a Global Security or Securities and held through DTC, a Holder of ZENS may exercise such right of exchange through the relevant direct participant in the DTC ATOP system by delivering an agent's message and delivering the Holder's ZENS to the Trustee's DTC participant account. If the ZENS are no longer represented by a Global Security or Securities but are held in certificated form, a Holder of ZENS may exercise such right of exchange as follows: the Holder shall (i) complete and manually sign an Option to Exchange ZENS form in the form attached to this Security or available from the Trustee and deliver a completed Option to Exchange ZENS form to the Trustee at the office maintained by the Trustee for such purpose, (ii) surrender the ZENS to the Trustee, (iii) if required, furnish appropriate endorsements and transfer documents, and (iv) if required, pay all transfer or similar taxes.

#### Redemption

The Company may redeem the ZENS at any time in whole but not in part at a redemption price per ZENS (the "Redemption Price") equal to the sum of (a) the higher of (i) the Contingent Principal Amount per ZENS or (ii) the sum of the Current Market Value of the Reference Shares attributable to one ZENS at the Redemption Date plus any deferred quarterly payments of the Interest Rate (including any accrued interest thereon), plus, in either case, the Final Period Distribution, and (b) \$3.495 per ZENS if the Company redeems the ZENS prior to September 15, 2000, \$2.330 per ZENS if the Company redeems the ZENS on or after September 15, 2000 and prior to September 15, 2001, \$1.165 per ZENS if the Company redeems the ZENS on or after September 15, 2001 and prior to September 15, 2002, or zero if the Company redeems the ZENS any time on or after September 15, 2002.

In case of redemption, the Company shall give not less than thirty (30) Business Days' notice to the Trustee (unless such shorter period shall be satisfactory to the Trustee) together with a notice setting forth on a per ZENS and an aggregate basis, the estimated Redemption Price, the Contingent Principal Amount, the Current Market Value of the Reference Shares, the deferred quarterly interest payments and the Final Period Distribution. The Trustee shall give Holders at least thirty (30) Business Days' notice before redemption of the ZENS and the Company shall irrevocably deposit with the Trustee, on or prior to the Redemption Date, sufficient funds to pay the aggregate Redemption Price for the ZENS. Interest on the ZENS to be paid on or before the Redemption Date for the ZENS shall be payable to the Holders of ZENS on the Regular

Record Date for the related Interest Payment Date, except to the extent such interest payments are payable as part of the Final Period Distribution.

Once notice of redemption is given and funds are irrevocably deposited, interest on the ZENS shall cease to accrue on and after the Redemption Date and all rights of the Holders of the ZENS shall cease, except for the right of Holders to receive the Redemption Price (but without interest on such Redemption Price), including, if applicable, the Final Period Distribution.

If the Redemption Date is not a Business Day, then the Redemption Price shall be payable on the next Business Day (and without any interest or other payment in respect of any such delay). However, if the next Business Day is in the next calendar year, the Redemption Price shall be payable on the preceding Business Day. If payment of the Redemption Price for any ZENS called for redemption is improperly withheld or refused and not paid by the Company, interest on the ZENS shall continue to accrue at an annual rate of 2.0% from the original Redemption Date scheduled to the actual date of payment. In such a case, the actual payment date shall be considered the Redemption Date for purposes of calculating the Redemption Price. The Final Period Distribution shall be deemed paid on the original Redemption Date scheduled to the extent paid as set forth in the definition of Final Period Distribution.

#### Reference Share Adjustments

As of the Issue Date, a "Reference Share" means one share of Time Warner Common Stock. Any Publicly Traded Equity Securities that are distributed on or in respect of the Reference Shares, shall themselves become Reference Shares.

Subject to a Reference Share Offer Adjustment, a "Reference Share" means, collectively (a) one share of Time Warner Common Stock (to the extent not combined, subdivided, converted, reclassified or exchanged as set forth below) and (b) each share of Publicly Traded Equity Securities allocable to a Reference Share in respect of such share of Time Warner Common Stock or other Reference Shares (either directly or as the result of successive applications of this paragraph) upon any of the following events: (i) the distribution on or in respect of a Reference Share in Reference Shares, (ii) the combination of Reference Shares into a smaller number of shares or other units, (iii) the subdivision of outstanding shares or other units of Reference Shares, (iv) the conversion or reclassification of Reference Shares by issuance or exchange of other securities, (v) any consolidation or merger of a Reference Company, or any Reference Company Successor, with or into another entity (other than a merger or consolidation in which the Reference Company is the continuing corporation and in which the Reference Company common stock outstanding immediately prior to the merger or consolidation is not exchanged for cash, securities or other property of the Reference Company or another corporation), (vi) any statutory exchange of securities of the Reference Company or any Reference Company Successor with another corporation (other than in connection with a merger or acquisition and other than a statutory exchange of securities in which the Reference Company is the continuing corporation and in which the Reference Company common stock outstanding immediately prior to the statutory exchange is not exchanged

for cash, securities or other property of the Reference Company or another corporation), or (vii) any liquidation, dissolution or winding up of the Reference Company or any Reference Company Successor.

If the Company elects to make a Reference Share Offer Adjustment, it shall distribute as Additional Interest on each ZENS the Designated Transaction Consideration deemed to be paid or distributed on or in respect of the Reference Shares of the class subject to the Reference Share Offer and attributable to each ZENS immediately prior to giving effect to the Reference Share Proportionate Reduction relating to that Reference Share Offer (other than Designated Transaction Consideration that consists of Publicly Traded Equity Securities, which shall themselves become Reference Shares as a result of a Reference Share Offer Adjustment).

If the Company elects to make a Reference Share Offer Adjustment, and, during the pendency of the Reference Share Offer another Reference Share Offer is commenced in relation to the Reference Shares that are the subject of the then existing Reference Share Offer, the Company may change its original election by electing to increase the Early Exchange Ratio to 100% during the pendency of the new Reference Share Offer or the Company may continue to elect to make a Reference Share Offer Adjustment. The Company shall similarly be entitled to change its election for each further Reference Share Offer made during the pendency of any Reference Share Offer for the same class of Reference Shares. For the purposes of these adjustments, a material change to the terms of an existing Reference Share Offer shall be deemed to be a new Reference Share Offer.

If the Company elects to increase the Early Exchange Ratio to 100% in connection with a Reference Share Offer, no Reference Share Offer Adjustment shall be made and the Company shall not be able to change its election if any further Reference Share Offer relating to the same class of Reference Shares is made.

The Company shall give the trustee notice, no later than ten (10) Business Days before the scheduled expiration of the Reference Share Offer, of its election in the event of any Reference Share Offer. The Company shall also prepare a press release and provide it to DTC for dissemination through the DTC broadcast facility.

#### Events of Default

In case an Event of Default shall occur and be continuing, the Maturity Amount of all ZENS then outstanding under the Indenture may be declared, or may become, due and payable upon the conditions and in the manner and with the effect provided in the Indenture.

#### Amount Payable upon Bankruptcy

Upon dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other similar proceedings in respect of the Company, each Holder of a ZENS shall be entitled to receive an amount in cash equal to the higher

of (a) the Contingent Principal Amount per ZENS or (b) the sum of the Current Market Value (without giving effect to the provisions of the Indenture relating to Rollover Offerings) of the Reference Shares attributable to one ZENS on the date of such event plus any deferred quarterly payments of the Interest Rate (including any accrued interest thereon), plus, in each case, the Final Period Distribution, determined as if the date of such event was the Maturity Date of the ZENS.

#### Amount Payable upon Acceleration of Maturity

Upon the acceleration of the maturity of the ZENS, each Holder of a ZENS shall be entitled to receive an amount in cash equal to the higher of (a) the Contingent Principal Amount per ZENS or (b) the sum of the Current Market Value (without giving effect to the provisions of the Indenture relating to Rollover Offerings) of the Reference Shares attributable to one ZENS on the date of such event plus any deferred quarterly payments of the Interest Rate (including any accrued interest thereon), plus in each case, the Final Period Distribution determined as if the date of such event was the Redemption Date.

#### Calculations in Respect of the ZENS

The Company shall be responsible for making all calculations called for under the ZENS. These calculations include, but are not limited to, determination of (i) the Contingent Principal Amount per ZENS, (ii) the Current Market Value of the Reference Shares, (iii) the Exchange Market Value of the Reference Shares, (iv) the Final Period Distribution on the ZENS, (v) the cash value of any securities that are not Publicly Traded or any other property distributed on the Reference Shares, (vi) the Designated Transaction Consideration in a Reference Share Offer, (vii) the composition of a Reference Share and (viii) the amount of accrued interest payable upon redemption or at maturity of the ZENS.

The Company must make all these calculations in good faith and such calculations are final and binding on Holders of the ZENS, absent manifest error. The Company shall provide a schedule of its calculations to the Trustee and the Trustee is entitled to rely upon the accuracy of such calculations, without independent verification.

#### Miscellaneous

Except with respect to the rights of the holders of Senior Debt set forth in this Security and in the Indenture, no reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, premium, if any, or interest on this Security at the place, at the respective times, at the rate, and in the coin or currency herein prescribed.

The Indenture contains provisions setting forth certain conditions to the institution of proceedings by the Holder of this Security with respect to this Security and the Indenture and the enforcement of remedies under this Security and the Indenture, including, without limitation, the

appointment of a receiver or trustee. However, no reference herein to the Indenture and no provision of this Security or the Indenture shall impair or affect the right of any Holder of any Security to receive payment of the principal of, premium, if any, and interest on such Security on or after the respective dates expressed in this Security, or to institute suit for the enforcement of any such payment on or after such respective dates and any such right or such enforcement thereof shall not require the consent of any other such Holder.

The transfer of this Security is registrable by the registered Holder hereof, in person or by his attorney duly authorized in writing, on the books of the Company to be kept for that purpose at the office or agency of the Company in New York, New York, upon surrender and cancellation of this Security and upon presentation of a duly executed written instrument of transfer, and thereupon a new Security or Securities of authorized denominations for the same aggregate number of Securities will be issued to the transferee or transferees in exchange hereof; and this Security may be in like manner exchanged for one or more Securities of other authorized denominations but of the same aggregate number of Securities, all in the manner and subject to the conditions in the Indenture contained and without payment of any service or other charge, except for any stamp or other tax or governmental charge in connection therewith. Prior to due presentment of this Security for registration or transfer, the Company, the Trustee, any Paying Agent and any Security Registrar may deem and treat the person in whose name this Security is registered as the absolute owner hereof for the purpose of receiving payment hereof or on account hereof or of interest hereon (subject to the provisions of the first paragraph on the face hereof) and for all other purposes.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on this Security or for any claim based hereon or otherwise in any manner in respect hereof, or in respect of the Indenture, against any subsidiary, incorporator, shareholder, officer, director or employee, as such past, present or future, of the Company or any subsidiary, incorporator, shareholder, officer, director or employee, as such, past, present or future, of any predecessor or successor corporation, whether by virtue of any constitutional provision or statute or rule of law, or by the enforcement of any assessment or penalty or in any other manner, all such liability being expressly waived and released by the acceptance hereof and as part of the consideration for the issue hereof.

The Indenture contains provisions for satisfaction and discharge of the entire indebtedness of the Indenture upon compliance by the Company with certain conditions set forth in the Indenture.

Article Fourteen of the Indenture, including without limitation, Sections 1402 and 1403 thereof, shall not apply to this Security.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive

compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in aggregate number of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in aggregate number of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

The Indenture and this Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of said jurisdiction.

The Securities of this series are subordinated in right of payment to Senior Debt as provided in Article Sixteen of the Indenture.

All capitalized terms used in this Security and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.



Dated: \_\_\_\_\_

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NOTICED: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE  
NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY  
PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE  
WHATEVER.

A-17

[Form of Exchange Notice to come.]

A-18

[LETTERHEAD OF BAKER &amp; BOTTS APPEARS HERE]

September 20, 1999

Reliant Energy, Incorporated  
Reliant Energy Plaza  
1111 Louisiana  
Houston, Texas 77002-5231

Ladies and Gentlemen:

We have acted as counsel to Reliant Energy, Incorporated, a Texas corporation ("Reliant Energy"), relating to the registration of \$1,000,000,002 aggregate original principal amount of debt securities of Reliant Energy. In that connection, reference is made to (i) the registration statement under the Securities Act of 1933, as amended (the "Securities Act"), of Reliant Energy on Form S-3 (Registration No. 333-86403) filed with the Securities and Exchange Commission (the "Commission") on September 2, 1999, as amended by Pre-Effective Amendment No. 1 thereto filed on September 10, 1999, and declared effective by the Commission on September 10, 1999 (as amended, the "Initial Registration Statement"), (ii) the registration statement under the Securities Act of Reliant Energy on Form S-3 (Registration No. 333-87241) filed with the Commission on September 16, 1999 pursuant to Rule 462(b) under the Securities Act (this registration statement together with the Initial Registration Statement are hereinafter referred to collectively as the "Registration Statement"), (iii) the prospectus dated September 10, 1999 (the "Prospectus") included in the Registration Statement, (iv) the preliminary prospectus supplement, subject to completion, dated September 13, 1999 and (v) the prospectus supplement dated September 15, 1999 (the "Final Supplemented Prospectus") relating to 17,167,382 of Reliant Energy's 2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 (the "ZENS"). Capitalized terms not otherwise defined herein shall have the meaning specified in the Prospectus and the Final Supplemented Prospectus.

We have examined the Prospectus, the Final Supplemented Prospectus, and such other documents and corporate records as we have deemed necessary or appropriate for purposes of this opinion. In addition, we have assumed that the ZENS will be issued in accordance with the operative documents described in the Prospectus and the Final Supplemented Prospectus.

Based on certain assumptions set forth therein, statements of legal conclusion set forth under the heading "Certain United States Federal Income Tax Considerations" in the Final Supplemented Prospectus reflect our opinions on the material tax consequences of the purchase, ownership and disposition of the ZENS based on the Internal Revenue Code of 1986 and applicable regulations thereunder, both as in effect on the date hereof, and on reported judicial decisions.

Our opinion is limited to tax matters specifically covered hereby.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to this Firm in the sections captioned "Certain United States Federal Income Tax Considerations" and "Legal Matters" in the Final Supplemented Prospectus. In giving this consent, we do not thereby admit that we come within the category of a person whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Commission thereunder.

Very truly yours,

BAKER & BOTTS, L.L.P.