amount of bonds to be retired through the sinking fund as provided in Section 1 of this Article III, shall thereafter, for all purposes of the Indenture and this Fifth Supplemental Indenture, be deemed to have been bonded, but only so long as any Bonds of Fifth Series remain outstanding, and when no bonds of such series remain outstanding such bonds so delivered to the Trustee for the sinking fund, or redeemed with moneys in the sinking fund, or redeemed at the option of the Company and used to reduce the amount of bonds to be retired through the sinking fund, as provided in Section 1 of this Article III, shall thereupon cease to be bonded. So long as any Bonds of Fifth Series remain outstanding, to the extent that net property additions are utilized under subdivision (c) of Section 1 of this Article III, they shall be deemed to have been bonded for all purposes of the Indenture, and to the extent that prior lien bonds are deducted under such subdivision (c) they shall be deemed to have been deducted, for all purposes of the Indenture, in connection with an application for the withdrawal or reduction of cash. When all Bonds of Fifth Series are paid or redeemed, all net property additions which have become bonded by virtue of utilization pursuant to and in accordance with subdivision (c) of Section 1 of this Article III shall thereupon cease to be bonded; and, for the purposes of any subsequent application under the Indenture for the authentication and delivery of bonds or the withdrawal or reduction of cash, prior lien bonds which shall have been deducted under such subdivision (c) shall no longer be deemed to have been deducted as provided in such subdivision (c).

ARTICLE IV.

Replacement Fund.

Section 1. For the purpose of this Article IV, the definitions contained in and the methods of computation prescribed

by this Section 1 shall be applied, unless the context otherwise requires:

(a) The "amount of the gross property account" of the Company at November 30, 1946, shall be deemed to be $84,081,000. The "amount of the gross property account" at any subsequent date shall be $84,081,000, plus the original cost (estimated, if necessary) of depreciable property additions of the Company made to such subsequent date, less the amount of all property retirements of depreciable property made to such subsequent date. For the purpose of determining the amount of the gross property account of the Company, notwithstanding the definition of "property retirements" contained in Article I of the Indenture, (i) property retirements shall be deemed to include depreciable property additions not theretofore bonded, which shall have worn out or been retired, discontinued or abandoned, whether or not renewed or replaced (but shall not include any property only temporarily out of use), or which shall have been sold or otherwise disposed of or released, and (ii) the amount of all property retirements of depreciable property shall be computed at the original cost thereof (estimated, if necessary).

(b) The "amount of the gross property account for the period covered by the replacement certificate" shall be deemed to be the amount of the gross property account of the Company at the date of the beginning of the period covered by such replacement certificate.

(c) The "replacement requirement for the period covered by the replacement certificate" shall be deemed to be an amount equal to two and four-tenths per cent (2.4%) of the amount of the gross property account for the period covered by the replacement certificate, if such replacement certificate covers a period of one year, and a proportionately lesser amount if the replacement certificate covers a period of less than one year.

(d) The "cumulative replacement requirement" shall be the sum of the replacement requirements for all