ARTICLE II.

Issue of Bonds of Seventh Series.

Section 1. Bonds of Seventh Series may be executed, authenticated and delivered from time to time as permitted by the provisions of Article III of the Indenture.

ARTICLE III.

Replacement Fund

Section 1. For the purpose of this Article III, 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 $64,081,000, 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 periods covered by replacement certificates filed hereunder, including the replacement certificate then being filed.

Section 2. The Company covenants that, so long as any of the Bonds of Seventh Series are outstanding, it will deliver to the Trustee a replacement certificate (1) within four months after the close of the calendar year 1948, covering the period beginning June 1, 1948, and ending December 31, 1948, and (2) within four months after the close of each calendar year thereafter, covering the period from the date of the next preceding replacement certificate filed hereunder to the end of such calendar year (such covenant, with respect to the replacement certificates required to be filed within four months after December 31 of 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963 and 1964, respectively, shall be deemed to have been complied with by virtue of the filing of replacement certificates under the provisions of Section 2 of Article IV of the Second, Third, Fourth, Fifth or Sixth Supplemental Indenture). The Company may, in addition, at its election, at any time file a replacement certificate for the period specified therein, which shall cover the period from the date of the next preceding replacement certificate filed hereunder to a date within four months prior to the date when filed. Each replacement certificate filed hereunder shall be dated the last day of the period covered thereby, shall be signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company and shall show the following:

(a) The amount of the gross property account for the period covered by the replacement certificate.

(b) The replacement requirement for the period covered by the replacement certificate and the cumulative replacement requirement.

(c) The lesser of the cost or fair value to the Company (both of which shall be stated) of property additions (whether or not theretofore bonded) purchased, constructed or otherwise acquired by the Company from May 31, 1948, to and including the date of such replacement certificate, in renewal or replacement of, in substitution for or in lieu of property retirements (including therein retirements consisting of property additions not theretofore bonded) made subsequent to May 31, 1948, showing separately the cost or fair value to the Company, whichever shall be less, of such property additions not included in item (c) of any previous replacement certificate. For this purpose any