

in this section and in the succeeding Sections of this Article provided, and if the net earnings of the Company equal the amount stated as set forth in and on compliance with the provisions of Section 4 of this Article II.

In case the Company shall after the execution hereof, acquire plant, equipment or other physical property of any kind, through construction, purchase, consolidation or otherwise as and for a part of its permanent or fixed investment for its business, and such plant, equipment and physical property shall be subject to the lien of this mortgage Deed of Trust as a first lien thereon, escrow bonds may, subject to the limitations hereinafter in this Section mentioned, be authenticated and issued to the extent in par amount of eighty (80) per centum of all cash expenditures made by the Company after the execution hereof, in the purchase of such property.

Escrow bonds to be issued under this section shall from time to time, as requested by the Company through resolution of its Board of Directors, be authenticated by the Corporate Trustee and be delivered by it to or upon the order of the Company; provided that no such bonds shall be issued and authenticated for or on account of any expenditures (1) which may have been previously used as a basis for the authentication and delivery of any bonds under the provisions of this Section, or (2) which shall have been made to restore any loss sustained to any of the Company's property through fire, or shall have been made out of any insurance money received by reason of such loss, or (3) which shall have been made out of moneys received from sale, exchange or condemnation of any of the Company's property, or (4)

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which shall have been made to comply with the requirements of Article VIII of this Mortgage Deed of Trust; and provided, further, that no such bonds shall be authenticated and delivered except upon receipt by the Corporate Trustee (a) of a certificate or certificates signed in the name of the Company by its President or by its Vice-President, and verified by the affidavit of its Treasurer, or the affidavit of any Assistant Treasurer, showing generally the expenditures on account of which the bonds are requested to be authenticated, and stating that in the judgment of the officers signing the certificate such expenditures do not exceed the reasonable value of the property acquired by means of such expenditures, and (b) of an opinion signed by counsel satisfactory to the Corporate Trustee, who may be counsel of the Company, stating that such additional property is subject to this Mortgage Deed of Trust as a first lien. Such certificate or certificates and opinion of counsel shall be sufficient proof of the facts therein represented and set forth, and shall fully authorize the Corporate Trustee in each and every case to authenticate and deliver bonds in reliance thereon. In case any physical property shall at any time or times after the execution hereof be acquired by the Company and for a part of its permanent or fixed investment for its business, by the issuance and delivery of securities, instead of by the making of cash expenditures, the value, at the time of its acquisition, of any physical property so acquired, ascertain and certified to as hereinafter in this Section provided, shall within the meaning of this Mortgage Deed of Trust be deemed a cash expenditure by the Company for such property, on account of which expenditure bonds may be issued under the provisions of this Section, and in any such case the value of the property so acquired shall be determined by an engineer to be selected by the Company and approved by the Corporate Trustee, shall be furnished

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with a certificate of valuation made by such engineer, before certifying bonds on account of such value.

Section 3. At such time or times as the board of directors or executive committee of the Company shall determine, the Company may become entitled to the authentication and delivery of any of the bonds reserved under the provisions of Section 2 of this Article upon the depositing with the Corporate Trustee an amount of money equal to the face amount of said bonds to be so authenticated and delivered by the Corporate Trustee. The moneys so received by the Corporate Trustee shall be expended only for the purposes specified in Section 2 of this Article, and subject to all the restrictions and limitations in this article contained respecting the authentication and delivery of bonds, except as hereinafter provided. Said moneys shall be paid to the Company, or upon its order, upon resolutions, certificates, affidavits, opinions and other documents similar to those which would entitle the Company to the authentication and delivery of the bonds of which cash is the proceeds; it being understood, however, that such resolutions and certificates shall, in case of requisitions for payments of cash instead of the authentication and delivery of bonds, and that such payments of cash shall be made without reference to the net earnings of the Company, as in the case of the authentication and issue of bonds under this Article provided that at the time such deposit of cash is made with the Corporate Trustee it shall appear as provided in this Article from certificates then furnished that the earnings entitle the Company to the authentication of the escrow bonds on account of which said cash is deposited.

Such resolutions, certificates, affidavits and opinions shall be conclusive in favor of the Trustee as to the facts stated therein, and shall be deemed and shall be taken to be full authority and protection to the Corporate Trustee for the payment of moneys to the Company as herein provided.

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The Corporate Trustee shall allow upon all moneys deposited with it as provided, interest at the current rates, which from time to time may be paid by it on similar inactive deposits, and shall pay over such interest to the Company at reasonable intervals, upon its demand.

Section 4. No escrow bonds shall at any time be issued, authenticated or delivered under this Mortgage Deed of Trust unless for a period of twelve consecutive months ending within the ninety days next preceding the date of application for authentication and delivery thereof, the aggregate net earnings of all the physical property subject to the first lien of this Mortgage Deed of Trust and owned by the Company at the time of such authentication and delivery (whether some part of such property shall have been acquired and owned during a part but not during the whole of said

Subject to earnings provisions of section 4 of article II.

to 80% of expenditures for additional property Limitation to issue of such escrow bonds.

Certificate of Company to be filed with Corporate Trustee showing expenditures and certifying that same do not exceed value of property acquired Methods of valuation of property by acquisition of securities instead of cash payment

Escrow bonds issuable on deposit of cash for proposed expenditures.

No bonds to be issued under Section 3 if net earnings from properties owned by Company for 12 preceding months shall be twice the interest on all bonds outstanding and to be certified under this Mortgage Deed of Trust