

except obligations for the payment of which cash to the amount of the principal and interest to maturity is then deposited) shall have been deposited with the Trustee, the Trustee upon the written order of the President or treasurer of the Company, accompanied by a Directors' Resolution authorizing such order may cancel such Underlying Obligations and cause the Underlying Indenture securing the same to be canceled and discharged of record and the mortgaged premises and property, if any, embraced therein to be released from such Underlying Indenture and for that purpose may surrender such canceled Underlying Obligations.

Unless and until canceled in accordance with the foregoing provisions hereof all Underlying Obligations delivered to the Trustee shall be held by the Trustee without extinguishment or impairment of the obligation of such Underlying Obligations or of the Underlying Indenture securing or protecting the same, as additional security under this Indenture and upon the trusts herein declared.

Neither the principal nor the interest of any Underlying Obligations at any time deposited with the Trustee under the provisions of this section shall be collected or shall be required to be paid unless or until proceedings shall have been instituted to enforce the Underlying Indenture or Indentures securing such Underlying Obligations; but then and thereupon all of the Underlying Obligations of the same issue then on deposit with the Trustee, and all interest thereon maturing on or subsequent to the date upon which occurred the default for which such proceeding shall have been instituted, shall be entitled to payment and payment thereof shall be enforced, ratably and equally with all of the other obligations of such issue not deposited with the Trustee. The proceeds of such payments shall be held by the Trustee as additional security under this Indenture and upon the trusts herein declared, subject to the provisions of subsection E of section 1 of Article VII hereof; provided, however, that in the discretion of the Trustee at any time when the Trustee shall have no notice as herein provided that the Company is in default under any of the provisions hereof, any such payments of or on account of interest on the Underlying Obligations so received by the Trustee may from time to time be paid to the Company, and any such payments of or on account of principal on the Underlying Obligations so received by the Trustee may from time to time be paid out by the Trustee subject to the provisions and upon compliance with the requirements of section 6 of Article XI hereof. All interest maturing upon any such deposited Underlying Obligations prior to any such default shall be deemed to have been paid and satisfied and, upon the written request of the president or treasurer of the Company, the coupons, if any, representing such last mentioned interest shall be canceled by the Trustee and delivered upon his written request to the treasurer of the Company.

Section 3. Bonds authorized hereby, in addition to the Bonds the issue of which is provided for in sections 1 and 2 of this Article, may from time to time be executed by the Company and delivered by it to the Trustee and shall be certified and delivered by the Trustee to or on the written order of the president or treasurer of the Company, but only subject to the provisions of sections 5 and 6 of this Article, and only when all of the following conditions have been complied with:

A. When the aggregate principal amount of the Bonds (or, in case of an application under Article XI or under the second paragraph of section 4 of this Article, cash) then being applied for does not exceed the amount remaining after deducting the principal amount of all Bonds, if any, previously issued, or applied for under any application then pending, against the Additional Property in respect of which the certification and delivery of Bonds (or the withdrawal of cash as aforesaid) is applied for, and those, if any, issued or so applied for, for the refunding of Underlying Obligations secured thereby, and the principal amount and all overdue interest, if any, of all outstanding Underlying Obligations, if any, secured thereby, from seventy five per cent (75%) of the Cost or Fair Value (whichever is less) to the Company of said Additional Property; and when, after the issue of the Bonds applied for, the principal amount and overdue interest, if any, of all outstanding Underlying Obligations and those held by the Trustee and used as a basis, or included in any pending application for the certification and delivery of Bonds hereunder, shall not exceed seventy per cent. (70%) of the Cost or Fair Value, whichever is less of the property covered by the Underlying Indentures respectively securing such Underlying Obligations, and when such principal amount and overdue interest, if any, of all outstanding Underlying Obligations, shall not exceed twenty per cent. (20%) of the principal amount of all the Bonds outstanding, and when also the Fair Value of the property securing Underlying Obligations shall not exceed twenty per cent. (20%) of the Fair Value of the Mortgaged Property; and when the Net earnings of the Company for any twelve (12) consecutive calendar months within the fifteen (15) calendar months next preceding the date of filing, with the Trustee, of the application for the certification and delivery of the Bonds outstanding and applied for at such date of filing under any and all provisions of this Indenture and all Underlying Obligations, for at least twelve per cent (12%) of the aggregate principal amount of this Indenture and all Underlying Obligations.

B. When there has been filed with the Trustee a written application of the president or treasurer of the Company requesting the certification and delivery of Bonds of a stated principal amount accompanied by a Directors' Resolution authorizing such application and the issue, certification and delivery of such Bonds and specifying, within the limitations herein imposed, the purpose for which said Bonds are to be issued (whether under section 1 of this Article III or for refunding for Additional Property or for cash to be deposited with the Trustee) the series, denominations and the total amount of the Bonds to be issued and, if the same be of a new series, specifying, all within the limitations herein imposed, full particulars of all matters the determination of which by the Board of Directors of the Company with respect to subsequent series is authorized or required by section 1 of Article II or by other provisions of this Indenture.

C. When there has been filed with the Trustee an Officers' Certificate, in each case within two (2) years before the date of filing with the Trustee of the application then pending (to be identified by reference thereto satisfactory to the Trustee) there shall also be filed with the Trustee a second Officers' Certificate similarly evidencing the Fair Value of such Additional Property upon a date within ninety (90) days of the date of filing of such application; and the lower Fair Value thus shown shall be used for all purposes of this section, of section 4 of this Article and of Article XI hereof. If any Underlying Obligation or Underlying Indenture is involved in any matter covered by such certificate, such Officers' Certificate of all portions of the Mortgaged Property encumbered by an Underlying Indenture and of all portions of the aggregate principal amount and overdue interest if any, of all Underlying Obligations (evidenced by the trustees' or Mortgagees' certificates indicated in subdivision G of this section), but only to the extent that the Underlying Obligations so evidenced are at the time outstanding, or are held by the Trustee and have been used as a basis, or are included in any pending application, for the certification and delivery of Bonds hereunder, will not exceed seventy per cent. (70%) of the Cost or Fair Value, whichever is less, of the property covered by the Underlying Indentures respectively securing such Underlying Obligations (such property being evidenced as indicated in subdivision G of this section), and that such principal amount and overdue interest, if any, of all outstanding Underlying Obligations will not exceed twenty per cent. (20%) of the principal amount of all the Bonds outstanding, and that the Fair Value of the property securing Underlying Obligations (such property being evidenced as aforesaid) will not exceed twenty per cent. (20%) of the Fair Value of the Mortgaged Property.

D. When there has been filed with the Trustee an Engineer's Certificate, in each case within thirty (30) days after the filing of such Officers' Certificate, stating that the signer has personally examined such Officers' Certificate and also, either personally or through a competent assistant, the property therein described and has considered such property in relation to the Mortgaged Property and the business of the Company stating whether, and if so in what respect and to what extent, in his judgement the Company has failed to comply with the maintenance and depreciation covenant

After the acquisition by the Company of the property against which the issue of Bonds is authorized, the Company shall, in the same manner and within the same time as to the issue of Bonds, cause to be filed with the Trustee a second Officers' Certificate similarly evidencing the Fair Value of such Additional Property upon a date within ninety (90) days of the date of filing of such application; and the lower Fair Value thus shown shall be used for all purposes of this section, of section 4 of this Article and of Article XI hereof. If any Underlying Obligation or Underlying Indenture is involved in any matter covered by such certificate, such Officers' Certificate of all portions of the Mortgaged Property encumbered by an Underlying Indenture and of all portions of the aggregate principal amount and overdue interest if any, of all Underlying Obligations (evidenced by the trustees' or Mortgagees' certificates indicated in subdivision G of this section), but only to the extent that the Underlying Obligations so evidenced are at the time outstanding, or are held by the Trustee and have been used as a basis, or are included in any pending application, for the certification and delivery of Bonds hereunder, will not exceed seventy per cent. (70%) of the Cost or Fair Value, whichever is less, of the property covered by the Underlying Indentures respectively securing such Underlying Obligations (such property being evidenced as indicated in subdivision G of this section), and that such principal amount and overdue interest, if any, of all outstanding Underlying Obligations will not exceed twenty per cent. (20%) of the principal amount of all the Bonds outstanding, and that the Fair Value of the property securing Underlying Obligations (such property being evidenced as aforesaid) will not exceed twenty per cent. (20%) of the Fair Value of the Mortgaged Property.