

MORTGAGE RECORD 75

(d) The Company covenants that whenever any report of any such independent engineer shall indicate that a deficiency exists, the Company will make or cause its subsidiaries to make such repairs, replacements and/or renewals, and to do all such other acts and things, as may be necessary to make good such deficiency to the satisfaction of such independent engineer within the time specified in the report of such independent engineer as the time reasonably required for making good such deficiency.

Sec. 7.10. The Company will promptly pledge with the Corporate Trustee hereunder all shares of the capital stock of any subsidiary or subsidiaries which it may at any time acquire subsequent to the establishment of any such subsidiary as a subsidiary hereunder.

Sec. 7.11. The Company will not cause or permit any subsidiary, after the date as of which it is established as such, to issue any additional shares of capital stock entitled under all circumstances to vote for the election of directors, unless the same shall forthwith be acquired by the Company and pledged with the Trustee hereunder, except that a subsidiary, less than all of whose stock entitled to vote as aforesaid is pledged hereunder, may offer or issue to the holders of its outstanding stock entitled to vote as aforesaid for subscription pro rata or as a stock dividend, additional shares of such stock. Whenever any such pro rata offering shall be made or stock dividend issued, the Company will forthwith upon the issue of any such additional shares, acquire and pledge with the Corporate Trustee hereunder at least such proportion of such additional shares as the aggregate amount of the stock of such subsidiary so entitled to vote theretofore owned by the Company and pledged hereunder bears to the total amount of such stock of such subsidiary previously outstanding. In case, upon any such pro rata offering, any holder of such stock (including assignees of subscription rights) shall fail to take up the full amount of the stock offered for which he is entitled to subscribed, the Company will itself acquire and pledge with the Corporate Trustee hereunder the stock so offered to but not taken by such stockholders. The Company covenants that it will not permit any subsidiary to issue or to have outstanding any capital stock (other than stock entitled under all circumstances to vote for the election of directors which is not by this Section or by Sec. 1.06 hereof required to be owned by the Company and pledged with the Trustee hereunder), unless such stock shall be issued to and owned by the Company and shall be immediately pledged with the Trustee hereunder upon the issue thereof to or acquisition thereof by the Company, except that the Company may permit the issue of such stock of subsidiaries, for such consideration and in such manner as shall be authorized by law, to persons other than the Company in an aggregate amount not exceeding twenty per cent (20%) of the principal amount of Bonds of the Company issued and outstanding under this Indenture at the time of the issue of such stock. For the purpose of determining the percentage specified in this paragraph, the amount of such capital stock of a subsidiary shall be deemed to be its par value in the case of stock having a par value, and shall be deemed to be the amount in money or money's worth received by such subsidiary for such stock upon the issue thereof by it, as determined by the Board of Directors of such subsidiary, in the case of stock without par value (which determination shall be conclusive upon the Trustee).

Sec. 7.12. The Company will not permit any subsidiary to contract or incur indebtedness (other than current liabilities not in excess of current assets) except to the Company.

Sec. 7.13. The Company will not cause or permit any subsidiary to sell, lease or otherwise dispose of all or any part of its fixed properties, except as provided in Sec. 9.02, without first having obtained the written consent of the Trustee, given as provided in Article 9.

Sec. 7.14. (a) The Company will at all times keep insured in responsible insurance companies its plants, buildings, stations, machinery, equipment and apparatus against destruction or damage by fire and other risks against which insurance is usually carried by companies operating like properties, to an amount not less than 50 per cent of the sound value thereof, and the Company will in like manner cause each subsidiary to keep insured any and all plants, buildings, stations, machinery, equipment and apparatus of such subsidiary to an amount not less than 50 per cent of the sound value thereof; or in lieu thereof, at the option of the Company, any such insurance (whether upon properties of the Company or of subsidiaries) may also in whole or in part be in the form of one or more insurance funds created by the Company, whether alone or with other corporations on a reciprocal plan or otherwise, provided, that the plan of each such insurance fund shall have been or shall be approved by the Board of Directors of the Company and that the Corporate Trustee shall have been furnished with a report by the President or Vice President and the Treasurer or Assistant Treasurer of the Company stating in effect that in the opinion of the officers signing such report the plan proposed is in accordance with or similar to recognized practices of other companies engaged in similar business and reasonably adequate for the protection of the interests of the bondholders.

(b) All policies for such insurance upon properties of the Company or subsidiaries shall be so drawn, and the plan of any such fund shall be such as to make any loss in excess of \$25,000 (except on materials and supplies or merchandise held for sale) payable thereunder as interest may appear either (1) to the Trustee hereunder in the case of properties of the Company, or (2) to the trustee of the mortgage securing first mortgage subsidiary bonds, in the case of properties of a subsidiary, provided, however, that in case such insurance shall be in the form of one or more insurance funds created as aforesaid, it shall not be necessary that the amount which shall be so payable in respect of any loss exceed the amount or amounts in said fund or funds. All money received by the Company or a subsidiary, as the case may be, on account of any loss which is covered by any such insurance (including moneys paid out of any such insurance fund or funds) shall be applied by the Company or such subsidiary, as the case may be, within one year to the making of repairs to, or replacements of or substitutions for, the damaged or destroyed property, or, to the extent not so expended within one year, shall, in the case of the Company, be deposited with the Corporate Trustee hereunder, or in the case of any subsidiary with the trustee under the mortgage securing first mortgage subsidiary bonds of such subsidiary.

(c) There shall be deposited with the Corporate Trustee at such times as it may demand, a detailed statement of the policies of such insurance outstanding and in force upon properties of the Company and/or subsidiaries, or any part thereof, or of the provision made in lieu thereof through such an insurance fund or funds, including the names of the insurance companies which issued such policies the amounts thereof, the property covered thereby and to whom payable, and such other information with respect to such policies or such insurance fund or funds as the Corporate Trustee may in writing request. In case the Corporate Trustee shall at any time notify the Company in writing that it disapproves of any such insurance company or of the terms of any such policy or of such insurance fund or funds, other insurance shall be effected satisfactory to the Corporate Trustee. The Corporate Trustee, however, shall be under no duty to make such demand (unless requested by the holders of at least 25 per cent in principal amount of the Bonds at the time outstanding) or otherwise to supervise such insurance.

(d) All money which shall be received by the Corporate Trustee as proceeds of insurance effected pursuant to this Section shall be held and applied by said Trustee as provided in Sec. 4.09.

(e) In the event of loss under any policy of insurance taken by the Company pursuant to this Section the Corporate Trustee may in the name of the Company or in its own name exercise any and all rights of the Company under such policy in addition to such rights as it may have by reason of its interests as Trustee, including the right to act upon notice of filing any proof of loss which may be permissible or proper or required to be given or made under such policy of insurance by the insured, and to do and perform any and all other acts and things required to be done or performed by the insured under any such policy in order to effect a recovery of the insurance moneys; and the Corporate Trustee may and it hereby is expressly authorized in its own name to join with the Company in the settlement and adjustment of any and all claims of every kind and description which may arise under such policy and to maintain, either in its own name or in the name of the Company, any action or legal proceeding which in its judgment is necessary or proper to recover any sum or sums which may be payable under any such policy, and to compromise or settle any such action or proceeding with the consent of the Company first