

of Manhattan, The City of New York, in lawful money of the United States of America.

The Company may, at its election evidenced by a resolution of the Board delivered to the corporate Trustee, redeem, at any time, and from time to time, all or any part of the Series A Bonds by paying therefor the principal amount thereof together with all interest accrued thereon to the date of redemption, and the text of the Series A Bonds shall recite said right of the Company to redeem said Bonds at the price aforesaid.

Series A Bonds shall be exchangeable as follows, subject, however, to the provisions of Section 8 and 13 hereof. Whenever any Series A Bonds of either denomination, with all unmatured interest coupons attached, shall be surrendered at the principal office of the corporate Trustee for the purpose of exchange for Bonds of the other denomination, the Company shall execute and the corporate Trustee shall authenticate and deliver a like aggregate principal amount of Bonds of the same series with all unmatured interest coupons attached, of the other denomination herein provided for.

ARTICLE THREE INITIAL ISSUE OF BONDS

SECTION 16. Series A Bonds described in Section 15 hereof for the aggregate principal amount of Three Hundred and Fifty Thousand Dollars (\$350,000) may forthwith, upon the execution and delivery of this Indenture, or from time to time thereafter, be executed by the Company and delivered to the corporate Trustee, and shall thereupon be authenticated and delivered by the corporate Trustee upon the written order of the Company, without awaiting the recordation, registration or filing of this Indenture.

ARTICLE FOUR. ISSUANCE OF BONDS UPON THE BASIS OF ADDITIONAL PROPERTY.

SECTION 17. Additional Bonds may at any time and from time to time be executed by the Company and delivered to the corporate Trustee, and thereupon the same shall be authenticated and delivered by the corporate Trustee upon the written order of the Company, upon the basis of the construction or other acquisition by the Company of additional property, as said term "additional property" is hereinafter in Section 18 defined, but subject in every case to the limitations, restrictions and conditions hereinafter in this Article Four contained, and only upon receipt by the corporate Trustee of the following:

A. A RESOLUTION OF THE BOARD requesting the authentication and delivery pursuant to the provisions of this Article Four of a specified principal amount of Bonds of a designated series.

B. A CERTIFICATE OF THE COMPANY dated not more than 90 days prior to the application for the authentication and delivery of such Bonds, and signed also (except as to Clauses (3), (8) and (9) of this Paragraph B) by an engineer (which may be an individual engineer or a partnership or a corporation engaged in an engineering business, and which may be in the employ of or under retainer from the Company) selected by the Board of Directors of the Company and acceptable to the corporate Trustee, setting forth in substance as follows:

(1) that the Company has acquired, by purchase, construction or otherwise, additional property, as said term is hereinafter in Section 18 defined, and giving a brief description of such additional property and the principal subdivisions of plant or capital account (or an account analogous to plant or capital account) to which the cost of such property has been charged;

(2) whether the property described in said certificate includes any additional tract or parcel of real estate, and if so, a separate description of such tract or parcel shall be included in the certificate;

(3) whether any of the property described in said certificate is at the time subject to a prior lien or liens (as said term is defined in Section 1 hereof) securing any bonds which have not theretofore in a previous certificate been established as refundable bonds, in the manner and within the limitations provided in Section 19 hereof. If so, such property shall be separately described in said certificate and said certificate shall also state the nature and extent of such prior lien or liens and the principal amount of bonds thereby secured then outstanding; also the principal amount thereof which has theretofore been, or concurrently therewith is to be, deposited with the corporate Trustee or with the trustee or mortgagee of a prior lien upon such property or of a refundable lien, and the principal amount thereof which is to remain outstanding and to be established as refundable bonds as aforesaid; also that the principal amount of said bonds not deposited as aforesaid is within the limitations prescribed in Section 19 hereof;

(4) whether any part of the property described in said certificate consists of a new plant or system (which terms shall mean a plant or system purchased or otherwise acquired by the Company as a whole, but not originally constructed by or for the Company), and, if so, such property shall be separately described;

(5) the cost to the Company of said additional property or the fair value thereof to the Company, whichever shall be less, at the date of such certificate, the fair value thereof to be as appraised by said engineer; and stating that said cost or fair value, as the case may be, has been computed and ascertained as required by Section 18 hereof. If, by virtue of the provisions of the foregoing Clauses (3) and/or (4) of this Paragraph B, any of said property shall be separately described in said certificate, the cost or fair value, as the case may be, of such property shall be separately stated; and, in the case of property of the character described in Clause (4) of this Paragraph B, the fair value thereof shall not exceed the fair value or valuation, as the case may be, of such property as stated in the certificate, order or other document filed with the corporate Trustee pursuant to Paragraph F of this Section 17;

(6) that all the property described in said certificate is used or useful for public utility purposes and constitutes additional property as said term is defined in Section 18 hereof, and that no part of said property is property whose acquisition under the provisions of Section 18 hereof is not permitted to be made the basis of the authentication and delivery of Bonds under this Article Four;

(7) whether any part of the property described in said certificate has been acquired in consideration in whole or in part of the Company's own capital stock or other securities, and, if so, such property shall be separately described and the cost or fair value, as the case may be, of such property shall be separately stated;

(8) that there do not exist, to the knowledge of the signers, any unpaid claims of contractors, subcontractors, vendors, materialmen, mechanics and/or laborers, incidental to the purchase, construction and/or acquisition of such permanent improvements, extensions or additions, which constitute or might ripen into a lien prior to the lien of this Indenture sufficiently substantial in the opinion of the signers to impair the security hereof; and

(9) that the Company is not, to the knowledge of the signers, in default in the performance of any of the covenants on its part to be performed under the provisions of this Indenture.

C. A CERTIFICATE OF THE COMPANY (herein sometimes called an "earnings certificate") setting forth:

(1) the amount of the net earnings of the Company as hereinafter in Section 18 defined, for a period of any 12 consecutive calendar months within the 15 calendar months immediately preceding the calendar month in which the application for the authentication and delivery of the Bonds is made, and stating separately the operating and net non-operating revenues and the operating expenses of the Company, with the principal subdivisions thereof;

(2) the aggregate amount of the annual interest charges upon the Company's "secured bonded debt", which term shall be taken to mean and comprise (a) all Bonds theretofore authenticated and delivered hereunder and not cancelled at or before the date of said certificate, excepting, however, Bonds