

(1) As to property owned by the Company on October 31, 1938, the book value on that date (estimated, if necessary as to particular property) of such property without deducting therefrom applicable reserves for depreciation, retirements and/or depletion as of that date;

(2) As to Property Additions, the Cost to the Company or the Fair Value thereof (whichever is less), as certified to the New York Trustee at the time said Property Additions became Bonded Property, estimated, if necessary, as to particular property, or, if no such certification shall have been required hereunder, then the Cost of such Property Additions.

I. "*Retirement Credits*" shall mean the following credits which may be applied against the Retirements at any time certified to the New York Trustee in a Retirements Certificate under *Paragraph E of Section 25* or under *Section 31 or 57*:

(1) The cash and the principal amount of any purchase money obligations and governmental obligations, if any, deposited with the New York Trustee to obtain the release of, or representing the proceeds of the taking by eminent domain or of the purchase by a public authority or of any other disposition of, or of insurance on, any property included in the Retirements then so certified;

(2) The amount of all Property Additions, if any, used to obtain the release of any property included in the Retirements then so certified;

(3) The excess credit, if any, carried forward from a previous Retirements Certificate, as provided in the following *Paragraph J*.

J. "*Net Retirements*" as of any particular date shall mean the amount of all Retirements up to that date not previously certified to the New York Trustee in a Retirements Certificate filed under *Paragraph E of Section 25* or under *Section 31 or 57*, less the aggregate amount of all Retirement Credits applicable thereto. If in any case the aggregate amount of ap-