

pany existing at December 31, 1944, or of any unamortized premiums and expense paid in connection with the redemption of such funded debt;

(3) Surplus adjustments arising from the sale, abandonment, or readjustment of values of property or investments owned on December 31, 1944, whether or not subject to the lien of the Indenture;

(4) Charges to earned surplus for the write-down or write-off of the excess of the cost to the Company or its predecessors of properties over the original cost of such properties when first devoted to the public use, or the creation of a reserve for any prospective write-down or write-off;

(5) Charges to earned surplus with respect to transfers from surplus to capital; and

"(c) in determining the net income of the Company to be credited to earned surplus, there shall be included in operating expenses an amount equal to

(1) actual expenditures for maintenance and repairs of the mortgaged property after December 31, 1944, plus

(2) for each full calendar month elapsing after December 31, 1944 and prior to such payment, distribution or purchase an amount (unless and except to the extent that a regulatory body having jurisdiction shall for any purpose fix or allow a lesser amount for depreciation and depletion) equal to the charges for depreciation and depletion as determined by the Company but not less than one twelfth (1/12) of

(i) \$2,000,000, plus

(ii) $2\frac{1}{2}\%$ of (a) the aggregate cost to the Company of depreciable property constituting a part of the Trust Estate acquired or con-