

182

the proceeds of such bonds, or for the use or application of any moneys paid over in accordance with any provision of this Indenture.

(d) The Trustee, subject to the provisions of Section 12.02 hereof, shall be under no obligation to exercise any of the trusts or powers hereof at the request, order or direction of any of the bondholders, pursuant to the provisions of this Indenture, unless such bondholders shall have offered to the Trustee security or indemnity sufficient to indemnify them against the costs, expenses and liabilities to be incurred therein or thereby.

(e) The Trustee may consult with counsel (who may be an officer or employee of, or of counsel to, the Company) and, to the extent permitted by Section 12.02 hereof, the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder in good faith and in accordance with the opinion of such counsel.

(f) The Trustee, to the extent permitted by Section 12.02 hereof, may rely upon the certificate of the Secretary or one of the Assistant Secretaries of the Company, under its corporate seal, as to the adoption of any resolution by its Board or stockholders.

(g) Any action taken by the Trustee pursuant to any provision hereof at the request or with the consent of any person who at the time is the holder of any bond shall be conclusive and binding in respect of such bond upon all future holders thereof, whether or not such bond shall have noted thereon the fact that such request or consent had been made or given.

(h) The Trustee shall not be personally liable in case of entry by them, or either of them, upon the mortgaged and pledged property for debts contracted or liability or damages incurred in the management or operation of said property.

(i) The Trustee, to the extent permitted by Section 12.02 hereof, may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond,

184

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and the individual Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that he was negligent in ascertaining the pertinent facts; and

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by them in good faith, in accordance with the direction of the holders of a majority of the bonds at the time outstanding under this Indenture, relating to the time, method and place of conducting any proceeding for any remedy available to them or exercising any trust or power conferred upon them by this Indenture.

If an event of default shall have occurred, then, so long as the same shall be subsisting, each of the Trustee shall exercise such of the rights and powers, vested in them respectively by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Notwithstanding any provisions of this Indenture authorizing the Trustee conclusively to rely upon any certificates or opinions, the Trustee may, but to the extent permitted by this Section 12.02 need not, require any further evidence or make any further investigation as to the facts or matters stated therein which they may, in good faith, deem reasonable in the circumstances; and the Trustee shall, if requested in writing so to do by the holders of not less than a majority in principal amount of the bonds then outstanding hereunder, require such further evidence or make such further investigation, provided, however, that, if the payment within a reasonable time to the Trustee of the costs, expenses and liabilities likely to be incurred by them in making such investigation

183

coupon or other paper or document delivered by them to be genuine and to have been signed or prescribed by the proper party or parties.

(j) All moneys received by the Trustee under or pursuant to any provision of this Indenture (including any moneys received by it as trustee agent) shall constitute trust funds for the purposes for which they were paid or are held, but need not be segregated in any manner from any other moneys and may be deposited by the Trustee, under such conditions as may be prescribed by law, in its general banking department.

Section 12.02. None of the provisions of this Indenture shall be construed as relieving either of the Trustee from liability for its or his own negligent action, its or his own negligent failure to act, or its or his own willful misconduct, except that, anything in this Indenture contained to the contrary notwithstanding:

(a) Unless and until an event of default shall have occurred which at the time is continuing—

(1) neither of the Trustee shall be liable except for the performance of such duties as are specifically set out in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, whose duties and obligations shall be determined solely by the express provisions of this Indenture; and

(2) the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, in the absence of bad faith on the part of the Trustee, upon certificates and opinions conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which, by the provisions of this Indenture, are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

185

is not reasonably assured to the Trustee by the security afforded to them by the terms of this Indenture, the Trustee may require reasonable indemnity against such expense or liability as a condition to so proceeding.

If the Trustee shall determine or shall be requested, as aforesaid, to make such further investigation, they shall be entitled to examine the books, records and premises of the Company; and unless satisfied, with or without such investigation, of the truth and accuracy of the matters stated in such certificates or opinions, they shall be under no obligation to grant any application or take or permit any action hereunder. The reasonable expense of every such examination shall be paid by the Company, or, if paid by the Trustee, shall be repaid by the Company, upon demand, with interest at the rate of five per cent (5%) per annum, and until such repayment shall be secured by a lien on the property which is subject to the lien of this Indenture and the proceeds thereof prior to the lien of the bonds and coupons.

Section 12.03. The Trustee shall give to the bondholders, in the manner and to the extent provided in subdivision (c) of Section 12.10 hereof, notice of the happening of all defaults known to them within ninety days after the occurrence thereof, or promptly after such default becomes known to them if they learn of such default after said ninety-day period, but in the case of any default of the character specified in subdivision (d) of Section 9.02 hereof, no such notice shall be given until at least sixty days after written notice thereof shall have been given to the Company as provided in said subdivision (d); provided, that, except in the case of a default resulting from the failure to make any payment of principal or interest on the bonds, or in the payment of any sinking or purchase fund installment, the Trustee may withhold such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible