

1 of Article V accumulated from and after January 1, 1948, or contrary to the provisions of Section 6 of Article VI.

SECTION 24. The Company covenants that all funds made available to it after January 1, 1948, from all or any of the following sources shall, unless deposited with the Corporate Trustee or with the corporate trustee under the General Mortgage or with the trustee or mortgagee under a Prior Lien, Equipment Obligation or Permitted Encumbrance, be applied only to provide for the Cost of Additions and Betterments not theretofore Bonded; (i) proceeds of insurance on the mortgaged property not used for restoration or repairs; (ii) proceeds from salvage recovered from mortgaged property retired; (iii) proceeds from sales of mortgaged property sold in accordance with the provisions of Article X; and (iv) funds made available by charges to operating expenses representing the service value of any nondepreciable road property retired and not replaced, to the extent that such funds have been deducted from the remaining Available Net Income, if any, in accordance with Section 1 of Article V.

SECTION 25. The Company will not sell or pledge any Bonds, other than Bonds of Series A and Emergency Bonds, unless the Board, of Directors, by resolution adopted by not less than two-thirds of the entire number of directors, shall have determined that in the opinion of the Board, taking into account market and all other relevant conditions at the time, it is impracticable to provide the amount of money needed (a) by the sale of General Mortgage Bonds having a suitable maturity at a price to the Company which would give a yield to maturity, on the basis of the maximum interest rate specified, of 5% or less, or (b) by the sale of preferred stock of the Company at a price to the Company which would give a dividend return, on the basis of the preferential dividend rate specified, of 6% or less, or (c) by the sale of common stock of

the Company at a price, not less than \$50 per share to the Company, which would give a dividend return of 6% or less, based on the regular dividend rate then in effect, or, if no regular dividend rate is in effect, on the average rate at which dividends shall have been paid during the preceding 12 calendar months, or on a dividend rate of 4% per share per annum if no dividend shall have been paid during said preceding 12 months.

SECTION 26. The Company will surrender to the Corporate Trustee forthwith upon receipt by the Company all Bonds of Series A held by The First National Bank of Chicago, as Bond Scrip Agent, at the close of business on January 2, 1949, and cancelled by the Bond Scrip Agent pursuant to the provisions of the Bond Scrip Agreement dated as of January 1, 1948, entered into between the Company and said Bond Scrip Agent.

SECTION 27. The Company will deposit and pledge with the Corporate Trustee within 10 days after receipt thereof by the Company, all cash, Securities or interests therein, which may be received by the Company at any time hereafter in payment or satisfaction of or in exchange or substitution for the judgment described in granting clause SEVENTEETH of the Mortgage. All moneys so received by the Corporate Trustee shall be held and disposed of by it as in the case of cash deposited upon the release of property subject to the lien of the Mortgage as provided in Article X; and all Securities and interests therein so received by the Corporate Trustee shall be deemed to be Bonded.

ARTICLE IX Pledged Securities

SECTION 1. Securities deposited and pledged under the Mortgage, if not already in bearer form, or issued in the name of the Corporate Trustee, shall be duly endorsed in blank for transfer or accompanied by appropriate instruments of assignment and transfer in blank. Any Securities deposited and pledged under the Mortgage may if the Corporate Trustee so determines, and shall if the Company so requests, be registered in the name of the Corporate Trustee or its nominee or be stamped by the Corporate Trustee with an appropriate legend to the effect that the same are held in trust for the purposes declared in the Mortgage. The Corporate Trustee shall not be obligated to examine or pass upon the validity or genuineness of any Securities and their accompanying assignments tendered for deposit and pledge with it, including any mentioned and described in the granting clauses hereof, and the Corporate Trustee shall be entitled to rely upon Opinions of Counsel that any Securities so deposited and pledged are genuine and valid and what they purport to be and that any endorsements or assignments thereof are effective, genuine and valid.

All Debt Securities deposited and pledged under the Mortgage may be in temporary or definitive form, and shall be accompanied by all appropriate coupons appertaining thereto, if any, and, if susceptible of registration as to principal or interest, may if the Corporate Trustee so determines, and shall if the Company so requests, be registered, or exchanged for Debt Securities issued, in the name of the Corporate Trustee or its nominee.

SECTION 2. Unless and until an Event of Default shall have occurred and be continuing, and except as in the Mortgage otherwise expressly provided:

(a) The Company shall be entitled to collect and retain for its own use all earned cash dividends which may

be declared on any Stock deposited and pledged hereunder and all sums which may become due and payable for interest upon Debt Securities so deposited and pledged; and the Corporate Trustee, upon the written request of the Company, shall deliver to the Company necessary and suitable assignments and orders for the payment to it or upon its order of all such earned cash dividends and shall deliver to it all coupons pertaining to any such Debt Securities, or suitable assignments and orders for the payment to it or upon its order of all such interest, as and when such coupons or interest shall become due and payable or at any time within 30 days prior thereto; the Corporate Trustee, upon the written request of the Company, shall pay over to the Company all sums which may be received by the Corporate Trustee representing interest and earned cash dividends; and the Corporate Trustee, upon written notice from the Company that any installment of interest has been paid on any Debt Security payable to bearer but without interest coupons, shall note or permit to be noted thereon the fact of such payment.

(b) The Corporate Trustee (except with consent of the Company or as otherwise expressly authorized by the Mortgage) shall not be entitled to enforce payment of the interest on any Debt Security deposited and pledged hereunder, or to enforce any provision of or exercise any right under any mortgage or other instrument pursuant to which such Debt Security was issued or by which the same is secured;

provided, however, and it is hereby declared and agreed that, except as in the Mortgage otherwise expressly provided:

(i) The Company shall not be entitled to collect and the Corporate Trustee shall not pay over to the Company, and if collected by the Company it shall forthwith pay over to the Corporate Trustee, with respect to any Securities deposited and pledged or required to be deposited and pledged hereunder, (1) the principal, in whole or in part, of any Debt Security; (ii) any interest on any Debt