

class of shares issuable upon the conversion of such Bonds, and no change in the par value of any such shares, will be made if the result of such change would be to render illegal the issuance, upon the conversion of such Bonds, of shares of stock of the Company of the class or classes and in the amount hereinbefore provided for.

SECTION 8. In case the Company shall consolidate with or be merged into any other corporation or corporations or shall convey substantially all of its property and assets to any other corporation while any of the Bonds of Series A shall be outstanding, and in connection with such consolidation, merger or conveyance, shares, securities or other property shall be issuable or deliverable for its stock at the time issuable upon conversion of Bonds of Series A, then as a part of such consolidation, merger or conveyance, lawful provision shall be made so that the holders of Bonds of Series A shall thereafter be entitled to receive upon conversion of the same, in lieu of each share of such stock of the Company which would have been deliverable upon conversion of Bonds of Series A on the conversion basis in effect immediately prior to such consolidation, merger or conveyance, the same kind and amount of shares, securities or other property as may be issuable, distributable, deliverable or payable upon such consolidation, merger or conveyance with respect to each share of such stock of the Company outstanding at the date of such consolidation, merger or conveyance; and after such consolidation, merger or conveyance, the right of conversion of holders of the Bonds of Series A shall be to receive such shares, securities or other properties in lieu of such stock of the Company.

SECTION 9. In case the Company shall take any action which under the provisions of this Article XI shall result in a change in the number or class of shares or character of

stock deliverable upon conversion of the Bonds of Series A, it shall, as soon as may be, and in any event within one month after the date of such action, file with the Corporate Trustee a statement signed by its President or one of its Vice Presidents and by its Treasurer or one of its Assistant Treasurers, showing in detail, (a) in the case of a change in the number or classes or the character of stock of the Company issuable upon such conversion, the new conversion basis, or (b) in case of any consolidation or merger or sale of assets, the shares, securities or other property thereafter deliverable upon the conversion of any Bonds of Series A.

SECTION 10. The Corporate Trustee shall be under no duty to examine into the truth and accuracy or in any way to verify the facts or conclusions stated in any statement filed with it by the Company pursuant to the provisions of Section 9 of this Article XI, and the Corporate Trustee may rely upon each and every such statement. In case the holders of 10% in principal amount of the Bonds of Series A then outstanding shall give written notice to the Corporate Trustee that they question the correctness of any such statement so filed, or of any fact or conclusion therein stated, the Corporate Trustee shall cause an investigation thereof to be made, in such manner as in its sole discretion it may deem advisable, and if as a result of such investigation the Corporate Trustee shall determine that any correction should be made in any such statement, then the Corporate Trustee shall notify the Company in writing of any such correction and thereafter the rights of the holders of Series A Bonds to convert the same as in this Article XI provided shall be deemed to be as set forth in such statement as so corrected. The cost of making any such investigation shall be repaid to the Corporate Trustee by the Company.

ARTICLE XII

CONSOLIDATION, MERGER, CONVEYANCE AND LEASE

SECTION 1. Nothing in the Mortgage or in any Bond shall prevent the consolidation or merger of the Company with or into any other corporation lawfully entitled to acquire and operate the same or successive consolidations or mergers to which the Company or its successor or successors shall be a party or parties, or shall prevent any conveyance or lease, subject to the continuing lien of the Mortgage, of all or substantially all of the mortgaged property to any such other corporation; provided, however, that:

(a) Every such consolidation, merger, conveyance or lease shall be on such terms as shall fully preserve the lien and security of the Mortgage and the rights and powers of the Trustee and of the Bondholders hereunder;

(b) Any such lease shall be made expressly subject to immediate termination by the Trustee at any time upon the occurrence of an Event of Default and during the continuance thereof, and also by the purchaser of the property so leased upon any sale thereof whether such sale be made under the power of sale hereby conferred or under judicial proceedings;

(c) Upon any such consolidation, merger, conveyance or lease, the successor corporation or the lessee corporation, as the case may be, shall expressly assume the due and punctual payment of the principal of and interest on all of the Bonds according to their tenor and purport, and the due and punctual performance of all of the terms, covenants and conditions of the Mortgage required to be kept, preserved and performed by the Company; and

(d) In the event of any such consolidation, merger or conveyance, the successor corporation, subject to the exceptions provided in Section 2 of this Article XII, shall

expressly grant and convey to the Trustee, as further security for all Bonds issued hereunder, and shall subject to the lien of the Mortgage, all of its property and franchises then owned and which it may thereafter acquire of the character and kind which, under the terms of the Mortgage, are required to be subjected to the lien thereof, all as fully as though such consolidation, merger or sale had not taken place and such property and franchises had been acquired by the Company.

Compliance with the foregoing requirements of this Section 1 shall be evidenced by a supplemental indenture.

For the purposes of this Article XII, the term "conveyance" shall mean any sale, conveyance or transfer, the term "successor corporation" shall mean any corporation resulting from any such consolidation or merger or any corporation to which such conveyance shall be made, and the term "lessee corporation" shall mean any corporation to which any such lease shall be made.

The conditions contained in this Section 1 shall not be construed as requiring that in the event of any such consolidation, merger, conveyance or lease a separate income account shall thereafter be maintained in respect of the operation of the properties subject to the lien of the Mortgage, but in lieu thereof provisions may be made which shall be equitable and practical with respect to the apportionment of the revenue and expenses of any such successor or lessee corporation to establish a basis for the determination and application of Available Net Income as required under Article V or for the purpose of determining and applying funds to the payment of interest on any consolidated interest bonds of the Company and for the purpose of determining the amount of payments required to be made into or out of the Capital Fund or for any other purpose fulfilling the provisions and conditions of the Mortgage; provided that any such pro-