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first time shall be separately stated. The fair value to the Company of property additions for the purpose of their inclusion in net property additions under this item (d), shall be as stated in the replacement certificate in which they are included in item (d) for the first time. In any such case, if any property additions made the basis of a credit under this item (d) are subject to any prior lien, then the amount of such credit otherwise available to the Company shall be reduced by an amount equal to one hundred sixty-six and two-thirds per cent (166 2/3%) of the principal amount of the then outstanding prior lien bonds secured by such prior lien and not theretofore deducted in connection with any application under the Indenture for the authentication and delivery of bonds or the withdrawal or reduction of cash. To the extent that net property additions are utilized under this item (d), they shall be deemed to have been bonded for all purposes of the Indenture; and to the extent that prior lien bonds are deducted under this item (d), they shall be deemed to have been deducted, for all purposes of the Indenture, in connection with an application for the withdrawal or reduction of cash.

(e) The aggregate of (1) an amount equal to (i) one hundred per cent (100%) of the principal amount of prior lien bonds which have been theretofore deducted in connection with the authentication and delivery of bonds and (ii) one hundred sixty-six and two-thirds per cent (166 2/3%) of the principal amount of prior lien bonds with respect to which one hundred sixty-six and two-thirds per cent (166 2/3%) of the principal amount thereof has theretofore been deducted in connection with the reduction or withdrawal of cash under any provision of the Indenture, which, in each case, prior to or simultaneously with the filing of the replacement certificate shall have been deposited with the Trustee or paid or redeemed or reduced or ascertained by final judicial determination to be invalid, which the Company in such replacement certificate elects to make the basis of a credit under this Article IV and which shall not theretofore have been bonded, and (2) the aggregate amount of credit based on prior lien bonds utilized under item

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(e) of all previous replacement certificates, but only so far as the prior lien bonds so utilized have not ceased to be bonded as permitted by Section 5 of this Article IV at the date of the replacement certificate then being filed. The amount of prior lien bonds utilized under item (e) of a replacement certificate for the first time shall be separately stated. To the extent that prior lien bonds are utilized under this item (e) they shall be deemed to have been bonded for all purposes of the Indenture.

(f) The aggregate of (1) the principal amount of bonds theretofore authenticated and delivered under any provision of the Indenture, which after such delivery and prior to or simultaneously with the filing of such replacement certificate shall have been or be surrendered for conversion (if convertible) except into other bonds, or paid or redeemed or otherwise surrendered to the Trustee and cancelled (otherwise than upon exchange of bonds of one denomination for bonds of another denomination or of coupon bonds for registered bonds or of registered bonds for coupon bonds or upon the transfer of registered bonds or in lieu of lost, mutilated, stolen or destroyed bonds), which the Company in such replacement certificate elects to make the basis of a credit under this Article IV and which shall not theretofore have been bonded, and (2) the principal amount of bonds utilized under item (f) of all previous replacement certificates, but only so far as the bonds so utilized have not ceased to be bonded as permitted by Section 5 of this Article IV at the date of the replacement certificate then being filed. The amount of bonds utilized under item (f) of a replacement certificate for the first time shall be separately stated. To the extent that bonds are utilized under this item (f) they shall be deemed to have been bonded for all purposes of the Indenture.

(g) The amount, if any, of cash previously deposited by the Company with the Trustee pursuant to Section 3 of this Article IV or previously (but after May 31, 1948) or concurrently so deposited pursuant to Section 3 of Article IV of the First Supplemental Indenture and not

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subsequently withdrawn pursuant to subdivision (a) of Section 4 of this Article IV or pursuant to subdivision (a) of Section 4 of Article IV of the First Supplemental Indenture.

(h) The amount, if any (hereinafter sometimes referred to as the "replacement fund credit"), by which the aggregate of the foregoing items (e), (d), (e), (f) and (g) exceeds the cumulative replacement requirement.

(i) The amount, if any (hereinafter sometimes referred to as the "replacement fund deficit"), by which the aggregate of the amounts of the foregoing items (e), (d), (e), (f) and (g) fails to equal the cumulative replacement requirement.

Each replacement certificate shall be accompanied by the officers' certificate, engineer's certificate and independent engineer's certificate, opinion of counsel, instruments of conveyance and transfer and other documents described in Article III of the Indenture to the extent that they are necessary to establish the facts with respect to items (c), (d), (e) and (f) set forth in the replacement certificate, except that, subject to the provisions of Section 17.01 of the Indenture, the Company may incorporate by reference any such certificates, opinions, instruments or documents previously or concurrently filed with the Trustee under the Indenture or any supplemental Indenture.

Notwithstanding any provision of the Indenture or any supplemental Indenture:

(1) for purposes of a replacement certificate filed hereunder, property additions purchased, constructed or otherwise acquired subsequent to May 31, 1948, and prior lien bonds and bonds paid, redeemed or otherwise surrendered to or deposited with the Trustee subsequent to May 31, 1948, shall not be deemed to be bonded, and the utilization thereof under items (c), (d), (e) or (f) of such replacement certificate shall not be limited or precluded, by reason of the utilization of such property additions, prior lien bonds or bonds under items

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(c), (d), (e) or (f) of a maintenance certificate filed in compliance with the provisions of Article IV of the First Supplemental Indenture; and

(2) for purposes of a maintenance certificate filed in compliance with the provisions of Article IV of the First Supplemental Indenture, property additions, prior lien bonds and bonds shall not become bonded, and the utilization thereof under items (c), (d), (e) or (f) of such maintenance certificate shall not be limited or precluded, by reason of the utilization of such property additions, prior lien bonds or bonds under items (c), (d), (e) or (f) of a replacement certificate filed hereunder.

SECTION 3. In case any replacement certificate shows a replacement fund deficit, the Company covenants that it will, concurrently with the filing of such certificate, deposit with the Trustee an amount in cash equal to the amount of such deficit.

SECTION 4. Any cash deposited with the Trustee under this Article IV shall be held by the Trustee as further security for the bonds, but may be withdrawn by the Company as follows:

(a) Any such cash may at any time be withdrawn by the Company in an amount equal to the replacement fund credit stated in the last filed replacement certificate, upon filing with the Trustee an officers' certificate requesting such withdrawal and stating that such withdrawal is made against the utilization of such replacement fund credit.

(b) Any such cash may be also withdrawn by the Company upon compliance with the provisions of subdivisions (b) and (c) of Section 8.01 of the Indenture.

The Company shall also have the right at all times and from time to time to direct the Trustee to apply any moneys deposited with it under this Article IV toward the purchase or redemption of bonds or prior lien bonds in the manner provided in Section 8.02 of the Indenture.