

and renewals, so that the properties mortgaged or intended to be mortgaged hereunder shall at all times be maintained as an operating system or systems in good repair, working order and condition, and so that at all times the value of the security for the bonds issued hereunder and the efficiency of the mortgaged plants and properties shall be fully preserved and maintained.

Nothing in this Indenture contained shall be held to prevent the Company from discontinuing the operation of or abandoning any of its plants, works or properties, or any part thereof, or any business other than its gas business, if in the judgment of the Board of Directors of the Company, it is no longer advisable to operate the same, or if the Company intends to sell or dispose of the same and within a reasonable time shall endeavor to effectuate such sale or disposition; nor shall anything in this Section contained be considered to prevent the Company from taking such action with respect to its plants, works or properties as is proper under the circumstances, including the cessation or omission to exercise rights, permits, licenses, privileges or franchises which, in the judgment of the Board of Directors of the Company, can no longer be profitably exercised or availed of.

The Company further covenants that it will promptly classify as retired for the purpose of any computation of net property additions hereunder, all mortgaged property of the character of property additions, except land owned in fee, that (a) has permanently ceased to be used or useful in the business of manufacturing, transporting, distributing or supplying gas, or (b) has been abandoned.

§ 4.08. That, whenever necessary to avoid or fill a vacancy in the office of the Principal Trustee, the Company will appoint a Principal Trustee in the manner provided in § 4.05, so that there shall at all times be a Principal Trustee hereunder which shall at all times be a bank or trust company having its principal office and place of business in the Borough of Manhattan, The City of New York, if there be such a bank or trust company willing and able to accept the trust upon reasonable or customary terms, and which shall at all times be a cor-

made, acquired or constructed during the accounting period shall be deemed to be in renewal, replacement or substitution for, or in lieu of, such property so retired or abandoned and not so renewed or replaced, to an amount equivalent to the property retirements resulting from the retirement or abandonment of such property (and for this purpose the certificate of the Company hereinafter required shall set forth the amount of such property retirements, the cost of such property additions deemed to be in renewal, replacement, or substitution or in lieu of such property retirements, and state that such property additions have not been made the basis for the withdrawal, pursuant to the provisions of subdivision (1) (a) of § 4.11, of any moneys constituting any part of the Replacement Fund). Property additions shall not become funded by reason of their utilization as a credit under this subdivision (1);

(2) The principal amount of all bonds hereby secured, and/or one hundred sixty-six and two-thirds per centum (166⅔%) of the principal amount of all prior lien bonds, retired or redeemed and cancelled and for which no bonds have been or will be issued, or other credit taken or cash withdrawn under any of the provisions of this Indenture;

(3) Any net property additions which, under the provisions of Article 2 hereto, might otherwise be made the basis of the issue of bonds hereunder and which the Company elects to make the basis of a credit under this Section. In case credit under this Section is taken in whole or in part upon the basis of net property additions, the Company shall comply with all provisions of this Indenture which would be applicable if such net property additions were made the basis of an application for the authentication of bonds (except that credit on the basis of net property additions shall be to the extent of one hundred per centum (100%) thereof instead of sixty per centum (60%) as provided in § 2.04 and except that the date of the engineer's or independent engineer's certificate may be any date after the close of the accounting period). In any such case the Company shall file with the Principal Trustee appropriate documents evidencing compliance with all such applicable provisions, provided, however, that in no such case shall the Company be required to

poration organized and doing business under the laws of the United States or of any State or Territory or of the District of Columbia, with a combined capital and surplus of at least \$5,000,000, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority.

§ 4.10. That the Company will at all times keep or cause to be kept proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the plants, properties, business and affairs of the Company.

§ 4.10. That, so long as any of the bonds of the 1929 Series shall remain outstanding, the Company will, for each calendar year, beginning January 1, 1930 (hereinafter sometimes called the "accounting period"), pay to the Principal Trustee on or before the 1st day of May next succeeding the close of each accounting period, as a Replacement Fund, an amount in cash (hereinafter sometimes called the "Standard of Expenditure") not less than a sum equal to 2% of the average of the gross property account (as hereinafter defined) of the Company at the beginning and end of the accounting period, provided, however, that the amount of such payment shall be reduced by the following credits, in the extent that the Company desires to take the same, stated in the certificate of the Company hereinafter in this Section provided for:

(1) The cost of property additions (whether or not funded) acquired, made or constructed during the accounting period (less one hundred sixty-six and two-thirds per centum (166⅔%) of the principal amount of any outstanding prior lien bonds which are secured by a lien on such property additions and not therefore deducted under this subdivision (1)) to renew or replace, or in renewal, replacement or substitution for, or in lieu of, any of the mortgaged property retired or abandoned since December 31, 1919 up to the close of the accounting period, and not renewed or replaced prior to the beginning of the accounting period, and for this purpose any property additions

delivered to the Principal Trustee any resolution or documents such as are described in subdivisions (1), (2), (3), (4) and (5), and § 2.06 or any opinions with respect to the authorization of the issue of bonds by governmental authorities and by the Company and with respect to tax laws applicable to the issue of bonds, or to comply with any earnings requirements.

On or before the first day of May next succeeding any accounting period, the Company shall file with the Principal Trustee a certificate of the Company stating (a) the amount of the gross property account of the Company at the beginning and at the end of such accounting period; (b) the Standard of Expenditure during such accounting period; (c) to the extent that the Company desires to take the same, the credits provided for under subdivisions (1), (2) and (3) of this Section separately stated; (d) the excess credit, if any, hereinafter in this § 4.10 referred to, shown by the last preceding certificate of the Company filed hereunder; and (e) the balance, if any, of the amount set forth under (b) remaining after deducting the credits set forth under (c) and (d).

The Company shall at the time of delivery of such certificate of the Company pay to the Principal Trustee as additional security for the bonds issued and to be issued hereunder the amount of the balance, if any, shown under (e) of such certificate. The delivery by the Company to the Principal Trustee of outstanding bonds, either secured hereby or secured by a prior lien, in each case with their appurtenant unmatured coupons if such bonds be coupon bonds, shall be deemed equivalent under this Section to the payment of cash to an amount equal to the aggregate principal amount of bonds so delivered in the case of bonds outstanding hereunder and to an amount equal to one hundred sixty-six and two-thirds per centum (166⅔%) of the aggregate principal amount of outstanding prior lien bonds so delivered.

Any moneys constituting any part of the Replacement Fund, at the option and upon the request of the Company, expressed by a certified resolution, shall be applied by the Principal Trustee to the purchase or redemption of any bonds issued hereunder of such series as may be