

wise created, effectively constituting any property a part of the security held by the Trustee for the benefit of the Bonds outstanding hereunder.

*Lien upon rights-of-way for transmission or distribution line purposes:*

The term "lien upon rights-of-way for transmission or distribution line purposes" shall mean any mortgage, lien or other encumbrance created by others than the Company and any renewal or extension of any such lien, mortgage or other encumbrance, which at the particular time in question, are liens upon the lands over which easements or rights-of-way for transmission or distribution line purposes are held, securing bonds or other indebtedness which have not been assumed or guaranteed by the Company or on which the Company does not customarily pay interest charges.

*Mortgaged property.*

The terms "mortgaged property" or "trust estate" shall mean as of any particular time the property which at said time is covered or intended to be covered by the lien of this Indenture. Moneys held by the Trustee in trust for the payment, at maturity or on a date fixed for redemption, of specific Bonds shall not be deemed to be part of the mortgaged property of trust estate.

*Net bondable value of property additions not subject to an unfunded prior lien:*

The term "net bondable value of property additions not subject to an unfunded prior lien" shall mean, at any particular time, the aggregate of the cost or, as to property additions which have not been retired, the fair value to the Company, if the fair value is less than cost, of all gross property additions not subject to an unfunded prior lien purchased, constructed or otherwise acquired by the Company, less:

(3) the amount by which all cash required to be deposited with the Trustee as part of the trust estate has been reduced on the basis of property additions not subject to an unfunded prior lien by simultaneous compliance with Section 1 of Article VIII or has been reduced by simultaneous compliance with Section 4 of Article VIII;

(4) ten-sevenths ( $\frac{10}{7}$ )ths of the amount of all cash theretofore withdrawn pursuant to Section 3(a) of Article VIII; and

(5) ten-sevenths ( $\frac{10}{7}$ )ths of the aggregate principal amount of additional Bonds theretofore authenticated and delivered upon the basis of property additions.

*Net bondable value of property additions subject to an unfunded prior lien:*

The term "net bondable value of property additions subject to an unfunded prior lien" shall mean the aggregate of the cost or, as to property additions which have not been retired, the fair value to the Company, if the fair value is less than cost, of all gross property additions subject to the unfunded prior lien or prior liens in question, purchased, constructed or otherwise acquired by the Company after the time of the first acquisition by the Company of any property subject to such unfunded prior lien or prior liens, less:

(a) the bonded cost of all bondable property, subject to such unfunded prior lien or prior liens, theretofore (but since the time of the first acquisition by the Company of any property subject to such unfunded prior lien or prior liens) retired;

(b) the excess, if any, of the fair value at the time of release, as stated in an engineer's certificate filed with the Trustee pursuant to Section 3 (b) of Article VII, or of the proceeds of property paid over to the Trustee or the trustee of such unfunded prior lien, pursuant to Section 5 of Article VII, as the case may be, of all bondable property, which was subject to such unfunded prior lien or prior liens at the date of release, theretofore released from the lien of this Indenture, over the bonded cost thereof;

(c) the excess, if any, of the bonded cost of all bondable property, which was not subject to an unfunded prior lien at the date of its release, theretofore released from the lien of this Indenture pursuant to Section 3 or Section 5 of Article VII, over the fair value to the Company of such property at the time of such release, as stated in an engineer's certificate filed with the Trustee pursuant to Section 3 (b) of Article VII, or over the proceeds of such property paid over to the Trustee or the trustee of any funded prior lien pursuant to Section 5 of Article VII, as the case may be;

(d) the bonded cost of all bondable property (other than property released from the lien of this Indenture pursuant to Section 3 or Section 5 of Article VII) which was not subject to an unfunded prior lien at the date of its retirement, theretofore (but since June 30, 1933) retired;

(e) in case such gross property additions shall include property additions theretofore subject to an unfunded prior lien, which shall prior to or simultaneously with the particular time become a funded prior lien, the bonded cost of all property additions which were subject to such unfunded prior lien and which have been retired by the Company during the period between the date of its first acquisition of the property subject to such prior lien and the date such prior lien became a funded prior lien;

(f) the aggregate of:

(1) the amount of all cash in the trust estate which has been withdrawn pursuant to Section 1 of Article VIII on the basis of property additions not subject to an unfunded prior lien or pursuant to Section 4 of Article VIII;

(2) the amount of all cash received by the Trustee as release moneys which has been applied to any

(3) ten-sevenths ( $\frac{10}{7}$ )ths of the principal amount of prior lien bonds secured by such prior lien or prior liens issued by the Company as permitted by Section 16(a) (1) of Article IV; and

(4) ten-sevenths ( $\frac{10}{7}$ )ths of the amount of cash deposited by the Company upon the issue of prior lien bonds secured by such prior lien or prior liens theretofore withdrawn on the basis of property additions.

In case of the consolidation of the Company with, or the merger of the Company into, any other corporation, or the sale by the Company of its property as an entirety or substantially as an entirety upon the terms set forth in Article XII where the successor corporation has outstanding indebtedness which upon such merger, consolidation or conveyance constituting an unfunded prior lien or prior liens, the term "the first acquisition by the Company of any property subject to such unfunded prior lien or prior liens", when used with respect to property subject to a particular unfunded prior lien or prior liens owned by such successor corporation at the time of the merger, consolidation or conveyance, shall mean the time of such merger, consolidation or conveyance.

*Net earnings available for interest, depreciation and property retirement:*

The term "net earnings available for interest, depreciation and property retirement" shall mean the net earnings of the Company ascertained as follows:

(a) The total operating revenues of the Company (other than those derived from its bus and ice business) and any net non-operating revenues of the properties (other than bus and ice properties) of the Company shall be ascertained.

(b) From the total, determined as provided in Subdivision (a), there shall be deducted: (1) all operating expenses, including all salaries, rentals, insurance, license and franchise fees, expenditures for ordinary repairs and maintenance, and taxes (other than income and excess or other profits taxes which are imposed on income after the deduction of interest charges) but excluding all appropriations for depreciation or property re-