

to the terms thereof. As the coupons are paid they shall be forthwith canceled.

SECTION 2. That no person or claim for interest which in any way at or after maturity shall have been transferred, or pledged, separate or apart from the Bond to which it relates, or which shall in any manner have been kept alive after maturity by extension or by purchase thereof by or on behalf of the Company, shall be entitled, in case of a default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of the Bonds and of all coupons and claims for interest not so transferred, pledged, kept alive or extended.

SECTION 3. That the Company is lawfully seized and possessed of all the mortgaged property; that it has good right and lawful authority to mortgage the same as provided in this Indenture; and that the mortgaged property is, at the actual date of the initial issue of Bonds, free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto prior to this Indenture, except as set forth in the granting clauses hereof.

SECTION 4. That the Company will at all times keep an office or agency, while any of the Bonds are outstanding, at each place at which the principal or interest of any of the Bonds shall be payable, where notices, presentations and demands to or upon the Company in respect of such Bonds or coupons may be payable at such place or in respect of this Indenture may be given or made, and will give the Trustee written notice of the location of and may change in the location of each such office or offices or agency or agencies. In case the Company shall fail to maintain such office or offices or agency or agencies the principal office of the Trustee shall be conclusively deemed to be the office or agency of the Company for such purposes, and the Company hereby appoints the Trustee its agent, on its behalf, to receive all such notices, presentations and demands.

SECTION 5. That the Company will at all times protect its title to the mortgaged property and every part thereof against loss by reason of any foreclosure or other proceeding to enforce any lien thereon prior to the lien of this Indenture. That the Company will duly pay and discharge, or cause to be paid and discharged, as the same shall become due and payable, all taxes, rates, assessments and governmental and other charges lawfully levied and imposed upon the mortgaged property, including the franchises, earnings and business of the Company, and will duly observe and conform to all valid requirements of any governmental authority relative to any part of such property, and all covenants, terms and conditions under or upon which any part of such property is held; and that the Company will not suffer any mechanic's, laborer's, statutory or other similar lien or charge to be hereafter created or remain upon such property or any part thereof, or the income therefrom. However, nothing contained in this Section shall require any such tax, assessment, lien or charge to be paid or any such requirement to be complied with so long as the validity thereof shall be contested in good faith, unless thereby, in the opinion of the Trustee or of counsel selected or approved by the Trustee, any of such property may be lost or forfeited.

SECTION 6. That the Company will,

(a) at all times cause all of the mortgaged property, which is of a character usually insured by companies similarly situated and operating like properties, properly to be insured against loss or damage from such hazards and risks as are usually insured by companies similarly situated and operating like properties, to a reasonable amount in reasonable stock companies, mutual companies, or reciprocal associations, but no particular hazard or risk need be insured except to the extent of the excess thereof, if any, over Fifty thousand dollars; but the Company may from time to time adopt another method or plan of protection against such loss or damage in substitution, or partial substitution, for the aforesaid insurance, if such plan or method shall afford pro-

tection to the Trustee and the trust estate, in the opinion of the signer of an independent engineer's certificate, at least equal to the plan or method of protection against such loss or damage then adopted by companies similarly situated and operating properties subject to similar or greater hazards and risks, but before any such other method or plan may be adopted by the Company, there shall be filed with the Trustee:

(1) an independent engineer's certificate, stating that, in the opinion of the signer, such method or plan of protection is in accordance with the requirements of this Subdivision (a) and affords adequate protection to the Trustee and the trust estate against loss and damage from hazards and risks covered thereby, and does not lessen the protection against such loss or damage existing immediately prior to the adoption of such method or plan; and

(2) an officers' certificate setting forth the details of such method or plan;

(3) cause any particular loss in excess of Ten thousand dollars, which has been insured, to be made payable and to be paid to the Trustee, to be held and applied by the Trustee as a part of the trust estate, except that, if the terms of the mortgage or other instrument securing any prior lien bonds require the payment thereof to the trustee or other holder thereof, any such loss may be payable and may be paid to such trustee or other holder;

(c) cause all proceeds of any insurance payable directly to it to be applied to the replacement of, or improvements to, or both, of the mortgaged property;

(d) at any and all times upon the written request of the Trustee and in any event in April of each calendar year, beginning with the year 1940, furnish to the Trustee an officers'

certificate stating in substance that the Company has complied with all the terms and conditions of Subdivision (a) of this Section and, except where another plan or method of protection has been adopted as permitted by said Subdivision (a), containing a detailed statement of the insurance then outstanding and in force provided for under said Subdivision (a), including the names of any insurance companies which have insured, the amounts thereof and the property, hazards and risks covered thereby; and

(e) whenever requested in writing by the Trustee, cause the policies of insurance carried pursuant to this Section to be delivered to the Trustee for examination or inspection, and the Trustee shall, within thirty (30) days from the date of such delivery, return such policies to the Company.

SECTION 7. That the Company will at all times make or cause to be made such expenditures by means of renewals, replacements, repairs, maintenance, or otherwise as shall be necessary to maintain, preserve and keep the mortgaged property at all times in good repair, physical condition, working order and condition and in a state of good operating efficiency, except that the Company may abandon any property as provided in Section 3 (b) of Article VII.

SECTION 8. That the holders of the capital stock of the Company entitled to vote thereon and the Board of Directors of the Company, at meetings thereof respectively duly convened and held, have duly authorized the execution and delivery of this Indenture to secure the Bonds issued and to be issued hereunder, and that all requirements at law and the by-laws and articles of incorporation of the Company have been fully complied with and all other acts and things necessary to make this Indenture a valid, binding and legal instrument for the security of the Bonds have been done and performed.