shall be equal to or in excess of fifteen per cent (15%) of the operating revenues of the Company, as defined in Section 4 of Article IV of this Supplemental Indenture, during such period. The earned surplus of the Company as at April 1, 1949, with the exception of $1,763,592 thereof, shall be restricted against payment of dividends on the common stock (other than dividends payable solely in shares of common stock) of the Company. Nothing contained herein, however, shall be construed to prevent the Company from charging to earned surplus accumulated prior to April 1, 1949 (1) surplus charges (including, without limiting the generality thereof, surplus charges such as depreciation adjustments, judgments, settlement of claims, taxes and interest thereon) applicable to a period prior to such date, (2) charges for the write-off of unamortized debt discount, premium and expense carried on the books of the Company at March 31, 1949, made pursuant to any rule, regulation, requirement or order of any governmental authority having jurisdiction in the premises, (3) charges for the write-off or write-down, approved by or made pursuant to any rule, regulation, requirement or order of any governmental authority having jurisdiction in the premises, of the amount at which any property of the Company was carried in its plant accounts or in any other accounts as a result of transfer from its utility plant accounts as shown on its books at March 31, 1949, or (4) charges for the write-off of any capital stock expense applicable to the preferred stock of the Company outstanding as at March 31, 1949, or of any commission and expense or any premiums, duplicate interest charges and duplicate dividend requirements which may be incurred in connection with any refinancing of the bonds and preferred stock of the Company outstanding as at March 31, 1949. The Company shall credit to earned surplus accumulated prior to April 1, 1949 any credits to earned surplus which are in accordance with good accounting practice applicable to a period prior to such date.

Section 2. That the Company is lawfully seized and possessed of all of the mortgaged property described in the granting clauses of this Supplemental Indenture; that it has good right and lawful authority to mortgage the same as provided in this Supplemental Indenture; and that such mortgaged property is, at the actual date of the initial issue of the Bonds of 1979 Series, free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto prior to the Indenture, except as set forth in the granting clauses of the Original Indenture or this Supplemental Indenture.

Section 3: So long as any of the Bonds of 1979 Series are outstanding the provisions of Sections 3 and 4 of Article V of the Supplemental Indenture dated July 1, 1939 between the Company and Harris Trust and Savings Bank, as Trustee, shall continue in full force and effect and there shall be added to said Section 4 the following paragraph:

"The Bonds to be so retired shall include a principal amount of Bonds of 1979 Series which bears the same ratio to the aggregate principal amount of all Bonds so retired as the aggregate principal amount of all Bonds of 1979 Series outstanding immediately prior to such release bears to the total principal amount of all Bonds then outstanding."

ARTICLE VI.

Amendments of Ratio of Bonds Issuable to Property Additions, and of Certain Other Ratios.

Section 1. So long as any of the Bonds of the 1979 Series shall remain outstanding:

(1) Notwithstanding the provisions of Section 4 of Article III of the Original Indenture, no Bonds shall be authenticated and delivered pursuant to the provisions of Article III of the Original Indenture and issued upon the basis of net bondable value of property additions for an aggregate principal amount in excess of sixty percent (60%) of the net bondable value of property additions not subject to an unfunded prior lien.

For the purposes of subsections (e) and (f) of the definition of "net bondable value of property additions not subject to an unfunded prior lien", contained in Article I of the Original Indenture, and subdivisions 8 and 9 of clause (a) of Section 4 of Article III of the Original Indenture, in all computations made with respect to a period subsequent to April 1, 1949, the deductions therein referred to shall in each case be ten-sixths (10/6ths) of the respective amounts mentioned, in lieu of ten-sevenths (10/7ths).

(2) Notwithstanding the provisions of Section 3(a) of Article VIII of the Original Indenture, no moneys received by the Trustee pursuant to Section 5(a) of Article III of the Original Indenture shall be paid over by the Trustee in an amount in excess of sixty percent (60%) of the net bondable value of property additions not subject to an unfunded prior lien, and for the purposes of Section 3