after the close of the calendar year 1948, covering the period beginning June 1, 1948, and ending December 31, 1948, and (2) within four months after the close of each calendar year thereafter, covering the period from the date of the next preceding replacement certificate filed hereunder to the end of such calendar year (such covenant, with respect to the replacement certificates required to be filed within four months after December 31 of 1948 and 1949, respectively, shall be deemed to have been complied with by virtue of the filing of replacement certificates under the provisions of Section 2 of Article IV of the Second Supplemental Indenture). The Company may, in addition, at its election, at any time file a replacement certificate for the period specified therein, which shall cover the period from the date of the next preceding replacement certificate filed hereunder to a date within four months prior to the date when filed. Each replacement certificate filed hereunder shall be dated the last day of the period covered thereby, shall be signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company and shall show the following:

(a) The amount of the gross property account for the period covered by the replacement certificate.

(b) The replacement requirement for the period covered by the replacement certificate and the cumulative replacement requirement.

(c) The lesser of the cost or fair value to the Company (both of which shall be stated) of property additions (whether or not theretofore bonded) purchased, constructed or otherwise acquired by the Company from May 31, 1948, to and including the date of such replacement certificate, in renewal or replacement of, in substitution for or in lieu of property retirements (including therein retirements consisting of property additions not theretofore bonded) made subsequent to May 31, 1948, showing separately the cost or fair value to the Company, whichever shall be less, of such property

additions not included in item (c) of any previous replacement certificate. For this purpose any property additions shall be deemed to be in substitution for or in lieu of such property retirements to the extent that the cost or fair value to the Company, whichever shall be less, of such property additions does not exceed the amount of such property retirements irrespective of the kind or character of the property additions, but in no event shall the amount of the credit available to the Company pursuant to this item (c) exceed the amount of property retirements stated pursuant to this item (c). For the purposes of this item (c), the amount of such property retirements shall be computed as specified in the definition of "property retirements" in Article I of the Indenture except that retirements consisting of property additions not theretofore bonded shall be computed at the cost thereof to the Company. The fair value to the Company of property additions for the purpose of this item (c) shall be as stated in the replacement certificate in which such property additions were included in item (c) for the first time. If any property additions made the basis of a credit under this item (c) 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 (166⅔%) 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. Property additions shall not be considered to be bonded by reason of their utilization under this item (c).

(d) The aggregate of (1) the amount of any net property additions not theretofore bonded which the Company in such replacement certificate elects to make the basis of a credit under this Article IV, and (2) the amount of net property additions utilized under item (d) of all previous replacement certificates, but only so far as the net property additions 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