

of Ten Year Seven Per Cent. Sinking Fund Gold Notes of the Columbia Gas Light Company, due May 1, 1930, then outstanding, and that said mortgage dated July 1, 1906, and the trust agreement dated May 1, 1920, shall thereupon be discharged. Said mortgage shall further provide for the issuance of additional bonds thereunder to an amount not exceeding eighty (80) per centum of expenditures made or liabilities incurred on account of additions, extensions, improvements and betterments to the property of the Columbia Gas Light Company subsequent to August 31, 1924, or for the acquisition of any additional property, plant or system useful, necessary or appropriate to its business and that is or may be operated in connection with or as a part of the plant and system of said company. Said mortgage shall further provide that no bonds shall be issued thereunder against property of the Columbia Gas Light Company which has already been made the basis for the issuance of bonds of Columbia Gas Light Company nor against property acquired or additions, extensions, improvements and betterments made to the property of the Columbia Gas Light Company with any part of the proceeds of the Ten Year Seven Per Cent. Sinking Fund Gold Notes of Columbia Gas Light Company above referred to. Said mortgage shall further provide that, simultaneously with their issue, all bonds issued under such mortgage shall be deposited and pledged under the First and Refunding Mortgage of the Company against the issuance in exchange therefor, bond for bond, of bonds secured thereby. Such bonds of Columbia Gas Light Company shall be issued on the same basis, that is to say eighty (80), seventy-five (75) or seventy (70) per centum, as the case may be, with reference to construction or acquisition of property, on which the Company is then entitled to issue its own bonds in compliance with the provisions with reference to earnings contained in said First and Refunding Mortgage.

The Company shall have the right to consent in respect of and to vote the stock of any company any stock of which is pledged hereunder and which is entitled to qualify as a subsidiary, as defined in the First and Refunding Mortgage of the Company, in favor of the execution of a mortgage or mortgages by such company, upon receipt by the Trustee of:

1. A certificate by the President or a Vice-President stating that the Company is the owner of capital stock of such company part of which capital stock is pledged under the First and Refunding Mortgage of the Company or part under the First Mortgage and Deed of Trust of Columbia Railway, Gas & Electric Company to Knickerbocker Trust Company, dated July 1, 1911, or part or all under this Mortgage, and the amount so pledged under each of said mortgages.

2. An opinion of counsel satisfactory to the Trustee, who may be counsel to the Company, stating:

(a) That such company is lawfully organized.

(b) That the amount of its capital stock pledged under the First and Refunding Mortgage of the Company and under the First Mortgage and Deed of Trust of Columbia Railway, Gas & Electric Company dated July 1, 1911, and under this Mortgage is sufficient to qualify it as a subsidiary of the Company as defined in the First and Refunding Mortgage of the Company.

(c) That the Company can lawfully hold such shares of the capital stock of such company and, as to any stock of such company pledged under the said mortgage of the Columbia Railway, Gas & Electric Company, that said Columbia Railway, Gas & Electric Company can lawfully hold such shares of the capital stock of such company.

The Company shall not use or vote or permit to be used or voted any stock pledged hereunder for any purpose which in the sole judgment of the Trustee, evidenced by a written communication to the Company setting forth in detail the reasons therefor, is contrary to any of the covenants herein contained, or otherwise inconsistent with the provisions or purposes of this Mortgage, provided, however, that the Company shall have the right to vote or cause to be voted any or all of the stock pledged hereunder in such manner as to cause the conveyance to the Company or to the Columbia Railway, Gas & Electric Company of the property of the company the stock of which is so to be voted, and the Trustee shall, upon demand of the Company evidenced by a certified copy of a resolution of its Board of Directors, execute and deliver to the Company, or its nominees, such proxies, consents or other instruments as may be necessary to effectuate such conveyance.

So long as there be no event of default, as specified in Section 1 or Section 2 of Article Eighth hereof, known to the Trustee, the Company shall have the right to collect, and to receive from the Trustee if collected by it, any and all dividends, except dividends payable in stocks, out of earnings from time to time declared and paid in respect of any stock at any time pledged with the Trustee hereunder, and the Trustee shall from time to time, upon the written request of the Company, signed by its President or a Vice-President, execute and deliver to it dividend orders in accordance with said right.

In case, however, an event of default, as specified in Section 1 or Section 2 of Article Eighth hereof, shall happen, then and in each and every such case during the continuance of such default the Trustee may revoke any powers of attorney or proxies or dividend orders which it may have executed at the request of the Company, and may vote in its discretion all shares of stock pledged hereunder. During the continuance of any such default the Trustee shall also collect any and all moneys due and payable or to become due and payable as dividends or otherwise on said pledged stock, anything herein contained to the contrary notwithstanding, and shall apply all such moneys pro rata to the interest upon the bonds, or similarly towards the principal thereof, if the same then be due, or make or reimburse any expenditure authorized to be made by the Trustee hereunder.

Section 2. *Rights of Trustee as to Pledged Stock.*

Subject only to the actual exercise by the Company of rights in respect thereof conferred by this Mortgage, the Trustee shall have and may exercise all the rights of owner in respect of any stocks held by the Trustee hereunder. The Trustee shall be entitled to receive any dividends or payments representing capital payments on the shares of stock pledged hereunder and any such dividends or payments so received by the Trustee shall be used and applied by the Trustee, at the option of the Company, to the purchase or redemption of bonds, in accordance with the provisions of Article Fourth hereof.

Section 3. *Trustee May Consent to Extension of Certain Debts.*

Unless the Company shall be in default hereunder, the Trustee, upon the written request of the Company, evidenced by a certified copy of a resolution of its Board of Directors, shall consent to the extension or renewal of any bonds or other evidences of debt issued by any company any of the stock of which is pledged hereunder and the extension or renewal of any mortgages or liens securing the same; but, if the Company shall then be in default hereunder, the Trustee may give such consent without the request of the Company; and, in any case, the Trustee, in so far as it legally may, shall do and perform all acts and things which may be requisite and necessary to give effect to any such renewal or extension so consented to.

Section 4. *Default of Company Stock of Which is Pledged Hereunder.*

In the event that (1) default shall be made in the payment of the principal of or interest upon any bond, note or other obligation of any company any stock of which is pledged hereunder, or (2) in the event that there be duly appointed by a court of competent jurisdiction a receiver of the assets and property of such company, or (3) in the event that such company be duly adjudicated a bankrupt, then in each and every such event the Trustee may, upon receiving written notice of any such event, and upon the request of the holders of a majority in principal amount of the bonds outstanding hereunder and upon receiving indemnity satisfactory to it, if demanded, shall take or cause to be taken such action as it shall deem most effective to protect its and the interest of the holders of the bonds issued hereunder in respect of any stocks pledged hereunder, and for that purpose it may join in any plan of reorganization in respect of any such stocks and may accept new securities issued in exchange therefor under such plan.

The Company will, in any such event, execute and deliver such instruments and do such other acts as may be necessary to enable the Trustee to take any action under this Section.

Section 5. *Disposition of Securities Acquired on Reorganization.*

In the event that any securities, stock, money or property are acquired by the Company or by the Trustee for account of the Company under the provisions of Section 4 of this Article, such securities, stock, money or property shall be mortgaged or pledged with the Trustee as security for the bonds issued hereunder.

Any money so received shall be applied by the Trustee, at the option of the Company, to the purchase or redemption of bonds of the Company, to the purchase or redemption of bonds in accordance with the provisions of Article Fourth hereof.

Section 6. *Money Received by the Trustee to be Applied to the Purchase or Redemption of Bonds.*

In case the Trustee shall not join in a plan of reorganization, as aforesaid, in respect of such stocks, then the Trustee shall receive any portion of the proceeds of sale applicable to the securities by it held hereunder, and such proceeds shall be applied by the Trustee, at the option of the Company, to the purchase or redemption of bonds in accordance with the provisions of Article Fourth hereof.