

MORTGAGE OF REAL ESTATE

38278 PROVENCE-JARRARD CO - PHOENIXVILLE

of subdivision (A) of this Section in respect of such series and (2) the principal amount of the bonds which shall be set forth in such Treasurer's Certificate pursuant to the requirements of clause (c) and/or clause (d) of subdivision (A) of this Section in respect of such series.

Notwithstanding any other provisions of this Indenture, (i) the Company shall be permitted from time to time to anticipate in whole or in part the requirements of this Section becoming due on October 1 of the then current year or any subsequent year or years, as to any one or more series of bonds, by depositing cash and/or a principal amount of bonds of such series with the Corporate Trustee in full satisfaction or in partial satisfaction of the requirements in respect of any such series of bonds, and (ii) any cash so deposited, whether in full satisfaction or in partial satisfaction of the requirements of this Section whether becoming due on October 1 of the current year or of a subsequent year, may be from time to time withdrawn, used or applied in the manner, to the extent, for the purpose and subject to the conditions provided in Section 61 hereof (subject in respect of redemption of bonds of the 1965 Series or of any other series, to the particular provisions thereof), provided, however, that the bonds of any series, if redeemable, shall not be purchased with cash deposited under this Section at a cost to the Company in excess of the cost of redeeming bonds of such series on the next available redemption date (including accrued interest to such redemption date in such cost).

In case credit under the provisions of this Section is applied for in whole or in part upon the basis of Property Additions, the Company (except as hereinafter in this paragraph otherwise provided) shall comply with all applicable provisions of this Indenture with which it would be required to comply to obtain the authentication and delivery of bonds in principal amount equivalent to seventy per centum (70%) of the Cost or Fair Value to the Company (whichever is less) of such Property Additions, and in case such credit is applied for in whole or in part upon the basis of the right to the authentication and delivery of bonds, the Company shall comply with all applicable provisions of this Indenture relating to such authentication and delivery; except that in no such case shall the Company be required to comply with any earning requirements or to deliver to the Corporate Trustee any Resolution, Treasurer's Certificate, Net Earning Certificate or Opinion of Counsel such as is described in subdivisions (1), (2), (6) and (8) of Section 28 hereof.

Any election by the Company pursuant to clause (c) of subdivision (A) of this Section to make its right to the authentication and delivery of any bond(s) or fraction of a bond the basis of a credit under this Section shall operate as a waiver by the Company of its right to the authentication and delivery of such bond(s) or fraction of a bond and such bond (s) or fraction of a bond may not thereafter be authenticated and delivered hereunder and any bonds or Prior Lien Bonds which have been made the basis of any such right to the authentication and delivery of bonds (s) or fractions of a bond so waived shall be deemed to have been made the basis of a credit under this Section.

SECTION 40. The Company covenants that, so long as any of the bonds of the 1965 Series shall remain outstanding, it will, as a sinking fund for the retirement of bonds of the 1965 Series, deliver to the Corporate Trustee on or before October 1 of each year, beginning with the year 1941 to and including the year 1964, an amount in cash and/or principal amount of bonds of the 1965 Series (which bonds have theretofore been sold or issued for value or pledged to secure indebtedness of a principal amount not less than seventy-five per centum (75%) of the principal amount of such bonds) equivalent to one-half ($\frac{1}{2}$) of one per centum (1%) of the greatest principal amount of bonds of the 1965 Series prior to January 1 of such year at any one time Outstanding, after deducting from such one-half ($\frac{1}{2}$) of one per centum (1%) the aggregate principal amount of any bond(s) theretofore retired pursuant to Section 64 but which have not theretofore been made the basis of a credit under subsection (II) of Section 38 or under Section 39 hereof or under this Section and which the Company then elects to make the basis of a credit under this Section, and which were retired either (a) by the use of cash representing the proceeds of property that was not Funded Property released, taken by eminent domain or purchased by any governmental body or agency or its designee upon the exercise of any right which it may have had to purchase the same or designate a purchaser thereof, or of cash representing payment on account of principal of, or consideration for the release of, obligations secured by purchase money mortgage which shall have been deposited with the Corporate Trustee as the basis for the release of property that was not Funded Property, or (b) by the use of cash deposited with the Corporate Trustee solely by reason of the Company's obligation under Section 64 to replace an equivalent amount of cash of the character specified in the preceding subclause (a) theretofore withdrawn from the Corporate Trustee on the basis of Property Additions or on the basis of the waiver of a right to the authentication and delivery of bonds under Section 26 or Section 29 hereof.

Notwithstanding any other provisions of this Indenture, (i) the Company shall be permitted from time to time to anticipate in whole or in part the requirements of this Section becoming due on October 1 of the then current year or any subsequent year or years, by depositing cash and/or a principal amount of bonds of the 1965 Series with the Corporate Trustee in full satisfaction or in partial satisfaction of the requirements of this Section, and (ii) any cash so deposited, whether in full satisfaction or in partial satisfaction of the requirements of this Section and whether becoming due on October 1 of the then current year or of a subsequent year, shall be applied