

Upon delivery of the instruments required by the foregoing provisions of this paragraph, the Trustee shall, from said moneys then held by it hereunder, set aside the amount specified in said resolution, and select by lot as provided in Article Five hereof, a sufficient number of Bonds to absorb the moneys so set apart at the redemption price (exclusive of accrued interest) of such Bonds payable on a specified redemption date or dates; and the Company shall thereupon cause notice of redemption of the Bonds so selected to be given by publication and mailing in the manner provided in Article Five hereof for the redemption of Bonds, and with like effect, and, on and after the redemption date, the Trustee shall apply or cause to be applied the moneys so set aside to the redemption of such Bonds in accordance with the provisions relating thereto.

The Company covenants to pay on request of the Trustee the expenses of the Trustee in purchasing and redeeming Bonds, including the cost of advertisement of redemption notices and any other advertisements, and any customary broker's commission upon such purchases, and any accrued interest payable with respect to any such Bonds purchased or redeemed.

All Bonds secured by this Indenture so purchased or redeemed, together with the appurtenant coupons, shall be cancelled by the Trustee, and the coupon Bonds and coupons shall be cremated by the Trustee and certificates of cremation delivered by the Trustee to the Company and the cancelled registered Bonds shall be returned by the Trustee to the bond registrar. No Bonds shall be issued in lieu of the Bonds so purchased or redeemed.

In case the Company shall desire any such moneys to be applied by the Trustee in reimbursement for expenditures made by the Company (or Southern Railway Company) for additions, betterments or improvements to the mortgaged property, the Trustee shall pay such moneys to or upon the written order of the Company signed by its President or a Vice-President requesting such payment and accompanied by the certificate or certificates in this Section specified and the opinion or opinions of counsel in Section 10 of this Article specified. Such payments shall be made in a sum not exceeding the cost or the fair value at the time of the application, whichever is less, of the property acquired or of additions, betterments or improvements to the mortgaged property as set forth in the certificate or certificates hereinafter in this Section specified.

The certificate or certificates to be delivered to the Trustee shall be signed by the President or a Vice-President, the Chief Engineer and also by the Comptroller, General Auditor, Assistant General Auditor or other principal accounting officer of the Company (or of the Southern Company so long as the Southern Company shall operate the properties of the Company), shall be dated not more than sixty days prior to the date of the application to the Trustee, and shall state:

(i) That moneys to an amount specified in said application of the Company have been actually expended for property acquired or for additions, betterments or improvements to the mortgaged property, describing briefly each particular purpose and specifying the amount of money actually expended for each of said stated purposes;

(ii) The cost and the then fair value of the property constructed or acquired;

(iii) That such certified expenditures have not been reimbursed or provided for out of the proceeds of in-

surance or insurance reserves or by the payment of deposited cash to the Company under any provision of this Indenture or under any provisions of any prior mortgage, or out of the proceeds of any prior debt;

(iv) That no part of such certified expenditures was or will be properly chargeable to the operating or maintenance expenses of the Company and that all of such expenditures are properly chargeable to capital account;

(v) That such expenditures have been made for acquisition of property or for the making of additions, betterments and improvements subsequent to December 31, 1942, and within five years of the date of such application; and

(vi) That the Company is not in default with respect to the performance or observance of any covenant or agreement in this Indenture.

SECTION 10. Any property or rights received by the Company in exchange or substitution for any property or rights released from the lien of this Indenture or which are made the basis of the withdrawal of deposited moneys shall be and become subject to this Indenture as a first lien as fully as if specifically mortgaged hereby, but, if requested by the Trustee, the Company will convey the same to the Trustee, or declare the Trustee's interest therein, by appropriate deeds, assignments or declarations upon the trusts and for the purposes of this Indenture, and the Company shall furnish to the Trustee the written opinion of its counsel (or of counsel for the Southern Company so long as the Southern Company shall operate the properties of the Company) to the effect that such deeds, assignments or declarations are sufficient for that purpose, or in lieu of such instruments, the Company shall furnish a written opinion of such counsel that no such deeds, assignments or declarations are necessary for such purpose.

SECTION 11. The purchaser of any property released shall not be required to see to the application of the purchase money.

SECTION 12. In case the trust estate shall be in possession of a receiver or a trustee in bankruptcy or a trustee in reorganization proceedings, the powers conferred by this Article upon the Company may be exercised by the receiver or trustee, with the approval of the Trustee, and if the Trustee shall be in possession of the trust estate under any provision of this Indenture, then all the powers by this Article conferred upon the Company may be exercised by the Trustee in its discretion. In case of the exercise of said powers by a receiver or trustee, such receiver or trustee shall deliver to the Trustee, in lieu of the resolutions, certificates and opinion by this Article required to be delivered to the Trustee by the Company, appropriate orders of court, certificates of such receiver or trustee and opinion of counsel of such receiver or trustee.

SECTION 13. Anything in this Article to the contrary notwithstanding, the Trustee may, but shall not be required to, release from the lien of this Indenture any property subject to the lien hereof as in and by this Article provided for, notwithstanding that at the time such release be requested, any of the events of default enumerated in Section 2 of Article Eight of this Indenture shall have happened and be continuing, but the provisions of this Section are not intended to limit or affect the provisions of Section 12 of this Article.