

§ 3.06 (but only upon compliance with § 3.03) to an aggregate principal amount equal to the amount of cash deposited for the purpose with the Trustee pursuant to this § 3.06.

(B) Any application of the Company for the authentication and delivery of Bonds pursuant to the provisions of this § 3.06 shall be accompanied by a net earnings certificate.

§ 3.07. *Application of Cash Deposited as Basis for Issuance of Bonds.* Cash deposited pursuant to § 3.06 shall be held by the Trustee as part of the trust estate and, unless at the time interest on any of the Bonds shall be due and unpaid or a default shall exist, shall be applied by the Trustee at any time or from time to time, as follows:

(1) Be paid to the Company (in lieu of the authentication of Bonds) to an amount or amounts equal to the aggregate principal amount of Bonds which the Company shall have become entitled to have authenticated and delivered pursuant to § 3.04 or § 3.05 upon delivery to the Trustee of an application of the Company, containing the statements required by subsection (a) of § 3.03, and of the certificates, opinions and documents referred to in subdivision (B) of § 3.04 or subdivision (B) of § 3.05, whichever shall be applicable, with appropriate variations in language (but without there being furnished to the Trustee any of the other documents specified in § 3.03, and without the Company's being required to furnish a net earnings certificate), and of a certificate of the Company as to compliance with conditions precedent and stating that no interest on any of the Bonds outstanding is due and unpaid nor does a default exist and an opinion of counsel as to compliance with conditions precedent; or

(2) Be applied by the Trustee, if so directed in writing by the Company, to the payment, purchase, redemption (at the price then applicable to redemptions at the option of the Company) or retirement of Bonds, not theretofore funded, in accordance with Article 4, upon receipt by the Trustee of a written request of the Company specifying the series to be retired and the method by which such cash is to be applied and stating that no interest on any of the Bonds outstanding is due and unpaid nor does a default exist; and a resolution of the

(c) A certificate of the Company (1) stating either that said Bonds have not theretofore been certified to the Trustee, or as to any thereof which shall have been certified to the Trustee, that the same shall have been reinstated as permitted by § 1.07, (2) stating that none of said Bonds have been retired through conversion of the same into Bonds issued hereunder, (3) stating, if any Bonds of the 1976 Series shall then be outstanding, that none of the Bonds retired have been retired to satisfy, or through the operation of, the sinking fund for the Bonds of the 1976 Series or any improvement and additions fund, and (4) stating whether or not any of such Bonds to be refunded have been bona fide sold, pledged or otherwise negotiated by the Company.

Bonds purchased, redeemed or retired by the use of money applied or paid by the Trustee shall be deemed to have been delivered to the Trustee for the purposes of this subdivision (B).

(C) A net earnings certificate shall be filed with each application of the Company for the authentication and delivery of Bonds pursuant to this § 3.05 (1) against the retirement of any Bonds bearing interest at a rate lower than the Bonds applied for, provided that no such certificate need be filed when the Trustee is requested to authenticate and deliver additional bonds pursuant to the provisions of this § 3.05 in substitution for Bonds theretofore authenticated and delivered hereunder and which have been or are to be paid at maturity, or re-deemed or purchased by the Company within two years prior to the date of their maturity, or (2) against the retirement of any Bonds, in the event that a net earnings certificate excluding the interest charges on such Bonds shall have been filed with the Trustee since the retirement thereof.

(D) Any Bonds received by the Trustee pursuant to this § 3.05 (if not previously cancelled) shall be cancelled and cremated by the Trustee; and except as provided in this § 3.05, no further Bonds shall thereafter be issuable in respect thereof.

§ 3.06. *Authentication and Delivery of Bonds Against Deposit of Cash.* (A) Bonds may be authenticated and delivered pursuant to this