

Whenever thereafter (a) the Company shall pledge or cause to be pledged with the Trustee hereunder, uncanceled, any of the bonds secured by any mortgage on such newly acquired property existing at the time of its acquisition (which bonds are hereinafter referred to as underlying bonds and which mortgage is hereinafter referred to as an underlying mortgage), together with all unmatured coupons thereunto appertaining, or (b) the Company shall deliver to the Trustee a certificate of the trustee under the mortgage securing such bonds stating that a certain principal amount of such bonds have since the acquisition of the property been paid or redeemed and cancelled, otherwise than through any sinking fund under the mortgage or trust agreement securing such bonds, then the Trustee shall authenticate and deliver, to or upon the written order of the President or a Vice-President of the Company, bonds of any series at that time existing or then created hereunder in a certificate amount equal to one hundred and ten (110) per centum of the principal amount of the underlying bonds so pledged, or stated in such certificate to have been cancelled. In case any unmatured coupon or coupons belonging to any underlying bonds tendered to the Trustee for pledge as in this Section provided shall be missing at the time of such tender to the Trustee, the Trustee may nevertheless accept such underlying bonds without such missing coupon or coupons in case there shall have been deposited with the trustee under any underlying mortgage by which said underlying bonds are secured, or with the Trustee hereunder, cash sufficient for the payment of such missing coupon or coupons, or in case such underlying bonds shall have been called for redemption and by the provisions of the underlying mortgage securing the same such missing coupons are not collectible after the date of redemption. All underlying bonds and cash received by the trustee under the provisions of this Section shall be held by the Trustee for the further security of the holders of bonds issued under and secured by this Mortgage and all such bonds shall be held by it uncanceled except as hereinafter provided. Until all of the outstanding underlying bonds of such issue shall have been refunded, exchanged or retired and the underlying mortgage securing the same cancelled, such bonds shall retain their priority, rights, benefits and privileges and shall be secured by said underlying mortgage and the Trustee hereunder may, as the holder of such bonds, take such action to enforce the same, or the underlying mortgage securing the same, or join in any proceedings authorized thereunder, whenever and in such manner as it may deem necessary and proper for the protection of the holders of the bonds hereby secured, and for that purpose the Trustee is hereby appointed the agent of the holders of the bonds issued hereunder and secured hereby, with full and adequate powers in the premises.

Neither the principal of nor the interest upon any of such bonds at any time held by the Trustee hereunder shall be required to be paid, unless (a) one or more of the events of default described in Section 1 of Article Ninth of this Mortgage shall occur and shall continue for the period therein specified, or (b) a default shall have occurred under such bonds or under the underlying mortgage securing the same and by virtue of such default the right to institute proceedings thereunder shall have accrued, but, upon the happening of any such event of default hereunder or default thereunder, all such bonds then held by the Trustee hereunder and secured by the mortgage under which such default has occurred and all interest maturing on such bonds on and subsequent to the date upon which such event of default occurred hereunder, or subsequent to the date upon which the default was made in respect whereof the right to institute such proceedings shall have accrued, as the case may be, may forthwith be collected and payment thereof may be enforced equally and ratably with all of the other bonds secured by such mortgage and not deposited with the Trustee hereunder. All interest maturing on any of such bonds so deposited prior to the happening of any such event of default, or to the date upon which such other default was made, shall be deemed to have been paid and satisfied and, upon the request of the Company, signed by its President or a Vice-President, the coupon representing such interest shall be delivered for cancellation to the trustee under the mortgage securing the same. In case any such event of default or default under any such underlying mortgage shall have been cured to the satisfaction of the Trustee, all such underlying bonds as to which no such proceedings as aforesaid shall be pending shall be restored to their former status under this Section.

Whenever all the underlying bonds secured by any underlying mortgage, except lost or destroyed bonds for which satisfactory indemnity shall have been given, and except underlying bonds held in any sinking fund under such underlying mortgage, shall be deposited with the Trustee hereunder or whenever all thereof except those then on deposit hereunder shall be paid or otherwise discharged or whenever an amount sufficient to pay all thereof except those then on deposit hereunder shall have been deposited with the trustee under the mortgage securing the same, the Trustee hereunder, at the request of the Company, signed by its President or a Vice-President, shall, provided that immediately thereupon the mortgage securing the same shall be cancelled and discharged of record, surrender the said bonds then in its hands to the trustee under said mortgage for cancellation, and further provided that there shall not be then outstanding any other bonds not pledged hereunder secured by mortgage upon the same property junior to the lien of such underlying mortgage but prior to the lien hereof.

Whenever the trustee under any underlying mortgage shall deliver to the Company, or on its order, a certificate of the satisfaction and discharge of such mortgage, or whenever sufficient moneys shall have been deposited with the trustee under such underlying mortgage to entitle the Company to a discharge thereof, in accordance with the terms thereof, then and in that event the Trustee hereunder shall, upon the request of the Company, authenticate and deliver, to or upon the written order of the President or a Vice-President of the Company, bonds of any series at that time existing or then created hereunder equivalent in aggregate principal amount to one hundred and ten (110) per centum of the aggregate principal amount of the underlying bonds at that time issued and outstanding under such underlying mortgage, excluding those that have been deposited with the Trustee hereunder and bonds held in the sinking fund, if any, under said underlying mortgage.

A certificate delivered to the Trustee, signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company, as to anything appertaining to the right of the Company to the authentication and delivery of bonds under this Section 7 may be received by the Trustee as conclusive evidence thereof to the Trustee and shall be full authority for action by the Trustee in accordance therewith, except where specific provision is made for the evidence upon which the Trustee may act.

Whenever any of such underlying bonds pledged hereunder shall be called for redemption or for any sinking fund under any mortgage securing the same, the Trustee shall present the same for payment at the time and place fixed for such purpose and, on receiving payment therefor at the redemption price, shall surrender the same for cancellation to the trustee under the mortgage securing the same. The proceeds of any such redemption or payment of underlying bonds, shall, at the option of the Company evidenced by a certified copy of a resolution of its Board of Directors, either be applied to the purchase or redemption of bonds as provided by Article Fourth hereof, or paid to the Company by the Trustee at the rate of One thousand (1,000) Dollars of money for each One thousand (1,000) Dollars principal amount of bonds which could otherwise be authenticated and issued for the purposes and within the limitations set forth in Section 8 of this Article, upon compliance by the Company with the requirements of Section 9 of this Article, with such changes or omissions as may be appropriate by reason of the fact that the application of the Company is for the withdrawal of cash instead of for the authentication of bonds.

Section 8. Bonds for Additions, Extensions, Improvements, Betterments or Acquisitions of Property.

Bonds of any series at that time existing or then created hereunder may also be issued and shall be authenticated by the Trustee and delivered from time to time to or upon the written order of the President or a Vice-President of the Company for the following purposes and in accordance with the following requirements and provisions of this Section 8 and of Sections 9 and 14 of this Article: Such bonds may be issued for the acquisition or construction, since July 1, 1924, of additions, extensions, improvements and betterments to the property of the Company or for the acquisition, since July 1, 1924, 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 the Company. Property acquired simultaneously with the issue of bonds shall be construed for the purpose of this Mortgage to be property that the Company has acquired. No bonds, however, shall be issued under this Section 8 for the acquisition of any property of the following character:

- (a) Property acquired under the provisions of this Mortgage in exchange for property released from the lien hereof, or property acquired with the proceeds of any property so released;
- (b) Property acquired with insurance money received in payment of losses;
- (c) Property acquired with moneys received as compensation for property taken by exercise of the power of eminent domain;
- (d) Property constructed or acquired as replacements or renewals of old and worn out property, except to the extent that the cost or fair value, whichever is less, of such replacements or renewals exceeds the cost to the Company, if ascertainable from its records, or, if not so ascertainable, the value of such property at the time of its acquisition by the Company;
- (e) Property which has previously been made the basis for the authentication and delivery of any bonds on the withdrawal of cash under any provisions of this mortgage, or of any mortgage prior to the lien hereof covering any property of the Company, or made the basis of any credit to any sinking, improvement, maintenance and depreciation or analogous fund which may be provided in respect of any series of bonds issuable hereunder, or to any sinking, improvement, maintenance and depreciation or analogous fund provided for under any other mortgage prior to the lien hereof covering any property of the Company, unless an amount of cash equivalent to the amount either of cash withdrawn or credit taken from any such fund is replaced by the Company in such fund, in which event such property may be made the basis for the authentication of bonds;