

held by the Trustee in the sinking fund for the Bonds of that series, such moneys shall be held and applied for the account of the holders of the Bonds of that series so selected and called.

All Bonds of the 1977 Series so delivered to or redeemed by the Trustee or the Company pursuant to the provisions of this Section 4.01 shall be cancelled and (except in connection with Bonds issued for the uncalled part of any fully registered Bond called only in part) no Bonds shall be authenticated and delivered in lieu thereof or to refund the same so long as any of the Bonds of the 1977 Series shall remain outstanding.

ARTICLE V.

MODIFICATIONS OF ORIGINAL INDENTURE.

SECTION 5.01. The Original Indenture is hereby modified by deleting from the first paragraph of § 1.04(a) thereof the words "after the date of execution hereof", and inserting in lieu thereof the words "after March 31, 1952".

SECTION 5.02. The Original Indenture is hereby modified by deleting from the first paragraph of § 1.04(f) thereof the words "subsequent to said date", and inserting in lieu thereof the words "subsequent to March 31, 1952".

SECTION 5.03. The Original Indenture is hereby modified by deleting § 1.04(i) thereof and inserting in lieu thereof the following:

"(i) So long as any Bonds of the 1976 Series or of the 1977 Series are outstanding, the term 'minimum provision for depreciation' for any period subsequent to March 31, 1952 shall mean the greater of (a) the amount of depreciation on the books of the Company for such period determined in accordance with sound accounting practice, or (b) the amount of depreciation computed for such period at the rate of 2½% per annum of the average gross book value of depreciable property of the Company, determined upon the basis of the gross book value of such depreciable property at the beginning and end of the initial period (which initial period shall be from April 1, 1952 to the end of the calendar year 1952) and thereafter at the beginning and end of each calendar year, or if any period covering a fraction of a year is involved in any such determination, at the beginning and

end of such fractional period of a year. The gross book value of the depreciable property acquired from Duke Power Company or any other operating gas utility shall mean the gross book-value thereof as shown on the books of Duke Power Company or such other operating gas utility on the date of acquisition by the Company, and shall mean as to any other property, the cost thereof to the Company. Fractions of a calendar month shall be disregarded in making any calculation of minimum depreciation for any period of time.

After all of the Bonds of the 1976 Series and of the 1977 Series shall have ceased to be outstanding, the term 'minimum provision for depreciation' shall have such meaning as may be provided in an indenture supplemental hereto establishing the terms and provisions of a subsequent series of the Bonds."

SECTION 5.04. The Original Indenture is hereby modified to correct the definition of "net earnings certificate" contained in § 1.06 thereof, by changing the reference contained in sub-paragraph (6) of said definition from sub-paragraph "(4)" to sub-paragraph "(3)" of said definition.

SECTION 5.05. The Original Indenture is hereby modified by deleting sub-paragraph (1) of paragraph (a) of § 1.07 thereof, and inserting in lieu thereof the following:

"(1) all mortgaged property owned by the Company on March 31, 1952;"

SECTION 5.06. The Original Indenture is hereby modified by deleting the semicolon at the end of sub-paragraph (3) of paragraph (a) of § 1.07 thereof and inserting in lieu thereof the following:

"or which has been certified to the Trustee pursuant to Section 7.01 of the Second Supplemental Indenture for the purpose of constituting the same funded property;"

SECTION 5.07. The Original Indenture is hereby modified by deleting the second paragraph of § 2.10 thereof and inserting in lieu thereof the following:

"A Bond or Bonds delivered pursuant to the exercise of any such privilege of exchange or in substitution for the whole or any