

## MORTGAGE OF REAL ESTATE

of Section 38 or Section 39 hereof, and that since deduction property of the Company has continued to be subject to such Prior Lien.

If, at any time after an amount equal to the principal amount of any Outstanding Prior Lien Bonds shall have been, in accordance with the provisions of this Section, deducted from the principal amount of bonds which might otherwise be authenticated and delivered hereunder, or the required amount shall have been deducted in connection with the withdrawal of cash or the release of property of the taking of a credit under the provisions of Section 38 or Section 39 hereof, the Company shall either.

(a) deposit with the Corporate Trustee any such Prior Lien Bonds to be held and dealt with by the Corporate Trustee in the manner and subject to the conditions and provisions set forth in Article IX hereof; or

(b) file with the Corporate Trustee a Treasurer's Certificate to the effect that the principal amount of such Outstanding Prior Lien Bonds, (1) has been reduced, or concurrently with the action requested will be reduced, by payment, or by the irrevocable deposit with the trustee or other holder of the Prior Lien securing the same, of moneys in the necessary amount for the purchase, payment or redemption thereof, or otherwise reduced, and that such reduction has not been and will not be, affected by the use, by the trustee or other holder of such Prior Lien, of cash which (after giving effect to the provisions of Section 61 hereof) is then deemed to be or to have been Funded Cash; provided that, in the case of redemption, the notice required therefor shall have been given or have been provided for to the satisfaction of the Corporate Trustee, or (2) has been ascertained by final judicial determination or otherwise to the satisfaction of the Corporate Trustee to be in whole or in part invalid, and specifying the amount of reduction or the extent of the invalidity, as the case may be, supported by an Opinion of Counsel; then, and in either such case, the Company shall be entitled to the authentication and delivery of further bonds to a principal amount equivalent to the principal amount of the Prior Lien Bonds so deposited with the Corporate Trustee, or (as the case may be) equivalent to the amount by which the principal amount of such Prior Lien Bonds shall be certified to have been and/or to be reduced or to have been ascertained to be invalid, but not exceeding in the aggregate a principal amount equivalent to the aggregate amounts deducted in compliance with the provisions of this Section.

No bonds shall be authenticated and delivered under the provisions of this Section by reason of the deposit of any Prior Lien Bonds or the payment, reduction or ascertainment of invalidity thereof to the extent that such deposit or payment, reduction or ascertainment of invalidity shall theretofore have been used as a basis, under the provisions of this Section, of the authentication and delivery of bonds or to the extent that a waiver by the Company of its right to the authentication and delivery of bonds on the basis of any such deposit, payment, reduction or ascertainment of invalidity is then in effect, or by reason of the deposit of any Prior Lien Bonds with respect to which deposit the Company shall have credited that it elects not to have any bonds authenticated hereunder on the basis thereof, or by reason of the deposit of any Prior Lien Bonds with the Corporate Trustee under the provisions of Section 46 hereof. Notwithstanding any other provisions herein contained, it shall not be necessary to comply with the provisions of Section 27 hereof or to furnish any Net Earning Certificate in connection with the authentication and delivery of bonds under the foregoing provisions of this Section.

No bonds shall be authenticated and delivered under the provisions of this Article V (nor Funded Cash be withdrawn nor Funded Property be released under any of the provisions of this Indenture nor credit taken under the provisions of Section 38 or Section 39 hereof) upon the basis of any Property Additions subject to Prior Lien unless it shall be stated in an Engineer's Certificate accompanying the application that

(a) the principal amount of all bonds theretofore authenticated and delivered by the Corporate Trustee (including any bonds for the authentication and delivery of which application is then made) under the provisions of this Article V upon the basis of such Property Additions subject to Prior Lien as shall have continued to be subject to Prior Lien,

(b) the total amount of Funded Cash deposited with the Corporate Trustee under the provisions of Section 30 hereof and theretofore withdrawn (including any such Funded Cash for the withdrawal of which application is then made) under any of the provisions of this Indenture upon the basis of such Property Additions subject to Prior Lien as shall have continued to be subject to Prior Lien,

(c) seventy per centum (70%) of all Funded Cash (other than Funded Cash representing the proceeds of insurance on, or of the release or other disposition of, Property Additions subject to Prior Lien) deposited with the Corporate Trustee under any of the provisions of this Indenture (other than the provisions of Section 30 hereof) and theretofore withdrawn (including any such Funded Cash for the withdrawal of which application is then made) under any of the provisions of this Indenture upon the basis of such Property Additions subject to Prior Lien as shall have continued to be subject to Prior Lien,

(d) seventy per centum (70%) of the Cost or of the Fair Value to the Company (whichever is less) at the time of the release hereinafter in this clause (d) mentioned of such Property