

In every such case of exchange (except an exchange of coupon for fully registered Bonds, if any, in respect of the issue of which such coupon Bonds are received) and of a transfer of a fully registered Bond, if any, the surrendered Bonds and coupons shall be canceled and upon written request shall be delivered to the Company. As a condition of any such exchange (but not for any exchange of temporary for permanent Bonds), or of any such registration or transfer, the Company at its option may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge that may be imposed thereon, and in addition thereto such charge therefor as it may deem proper, not exceeding one dollar (\$1) for each new Bond issued upon such exchange, with registration and transfer.

Any exchange of bonds with stock purchase warrants attached shall also be subject to the provisions of Article XIII hereof.

The Trustee is hereby appointed the agent of the Company for the purpose of exchanging, registering and transferring any of the Bonds of Series A as herein provided.

Section 5. In case any detached stock purchase warrant or any Bond or the coupons or non-detachable warrant appertaining thereto shall become mutilated, or shall be believed by the Company and the Trustee to have been destroyed, lost or stolen, upon proof of ownership satisfactory to the Company and the Trustee and upon the surrender of such mutilated detached warrant or Bond with its coupons and attached warrant, if any, or upon the receipt of evidence, satisfactory to the Company and the Trustee, of such destruction, loss or theft, and upon receipt also of indemnity satisfactory to the Company and the Trustee, and upon payment of all expenses incurred by the Company and by the Trustee for any investigation relating thereto and for each new stock purchase warrant or Bond issued under this section, the owner of the warrant or bond so mutilated, destroyed, lost or stolen shall be entitled to receive a new detached warrant, or Bond of the same series with coupons and attached warrant, if any, of like tenor and date, bearing a serial number or numbers not contemporaneously outstanding, with such notations as the Company, with the approval of the Trustee, shall determine, in exchange and substitution for, and upon cancellation of, the mutilated detached warrant or Bond and its coupons and attached warrant, if any, or in lieu of and substitution for the detached warrant or Bond and its coupons and attached warrant, if any, so lost or destroyed.

Section 6. Until permanent Bonds of any series shall be prepared, the Company may execute, and upon request of the Company the Trustee shall certify and deliver, in lieu of permanent Bonds, and subject to the same provisions, limitations and conditions, one or more temporary type-written, printed, lithographed or engraved Bonds not exceeding in the aggregate the maximum face amount of, and of the same maturity and date as, the permanent Bonds of the same series authorized hereunder. To the extent determined by the board of directors of the Company in respect thereof, temporary Bonds of any series may be in denominations of five hundred dollars (\$500) or any multiple or multiples thereof, with or without coupons, payable to bearer or registered as to principal only, exchangeable for a like aggregate principal amount of other temporary Bonds of the same series of any other denomination or denominations authorized by the board of directors hereunder, and shall be substantially of the tenor of the permanent Bonds required by the provisions of section 1 of this Article, and with appropriate omissions, insertions and variations as may be approved by the Trustee. Each such temporary Bond shall be certified by the Trustee substantially in like manner, under like conditions and with like effect as hereinbefore provided for the permanent Bonds.

Such temporary Bonds of any series shall be exchangeable for permanent printed, lithographed or engraved Bonds, of the same series, which will be prepared and executed by the Company at its own expense with reasonable promptness; and, upon the surrender of any temporary Bond for exchange, with all unmatured coupons, if any, thereto appertaining, the Trustee shall cancel the surrendered Bond and its coupons, if any, and upon written request deliver the same to the Company, and shall certify and deliver in exchange therefor, without expense to the holder, permanent Bonds, of the same series, with all unmatured coupons attached thereto, for the same aggregate principal amount as the temporary Bonds surrendered. Until so exchanged temporary Bonds shall in all respects be deemed Bonds issued under this Indenture and shall be entitled and subject to the same lien, benefits, security and provisions of this Indenture, and the same attributes, as permanent Bonds certified and issued hereunder. In case of the issue of temporary Bonds without coupons, interest, when and as payable, shall be paid on presentation of such temporary Bonds for the purpose, and notation of such payment shall be endorsed thereon.

Section 7. Bonds issued under this Indenture, pledged or sold, or otherwise issued by the Company, upon being released from pledge, or upon being repurchased, or otherwise acquired by the Company (except when acquired for any sinking fund or pursuant to any provisions requiring their cancellation or retirement contained in this Indenture, or in the Bonds, or any resolutions of the board of directors of the Company) in every such case may be sold, pledged, or otherwise issued, reissued, or disposed of by the Company, so long as it is not in default in the payment of the principal of or interest on any of the Bonds or any sinking fund instalment without re-execution and without recertification by the Trustee, as often as the Company may repossess or reacquire the same, and thereupon shall continue to be entitled, as upon their original issue, to the benefit of the provisions of this Indenture; but such benefit shall be suspended in respect of Bonds or any interest therein held by or for the benefit of the Company while so held, and Bonds while so held, and (subject to the provisions of section 3 of this Article) Bonds disposed of by the Company while in default in the payment of principal or interest or any sinking fund instalment hereunder, and so long as such default shall continue, shall not be deemed outstanding under this Indenture in connection with any computation of percentages of Bonds outstanding hereunder or in connection with any provisions for the enforcement of any rights or remedies hereunder, or in connection with any distribution of proceeds or payment of the purchase price upon any sale hereunder, except after the prior payment in full of all Bonds and coupons and claims for interest not so held or disposed of. Anything herein contained to the contrary notwithstanding, any and all Bonds at any time certified and delivered by the Trustee under any of the provisions of this Indenture may, at the option of the Trustee, in respect of action by the Trustee hereunder, be conclusively deemed to be outstanding hereunder and to be entitled to all the rights, benefits and provisions of this Indenture, unless and until the Trustee shall have received evidence to the contrary satisfactory to it in respect of specific Bonds affected thereby.

Section 8. No coupon or claim for interest which in any way, at or after maturity, shall have been transferred or pledged separate and apart from the Bond to which it relates (unless accompanied by such Bond), and no coupon or claim for interest the time for the payment of which shall have been extended, directly or indirectly, by purchasing, refunding or in any manner, whether or not by or with the consent or approval of the Company, shall be entitled in case of a default or event of default hereunder to any right, benefit, lien or security of or from this Indenture except after the prior payment in full of the principal of the Bonds and of all coupons and claims for interest not so transferred, pledged or extended.

ARTICLE III.

Issue of the Bonds.

Section 1. Forthwith upon, or from time to time after, the execution and delivery of this Indenture, the Company may execute and deliver to the Trustee, and thereupon, and without further action on the part of the Company, the Trustee shall certify and deliver to or on a written order or written orders signed by the president or treasurer of the Company not exceeding one million one hundred thousand dollars (\$1,100,000) aggregate principal amount of the Bonds of Series A, in temporary or permanent form, being all the Bonds of Series A, authorized to be issued hereunder. All or any part of the Bonds of Series A may be so executed and delivered by the Company and certified and delivered by the Trustee prior to the recording or filing of this Indenture, but in such case the Company covenants that it will immediately proceed to record or file this Indenture wherever required for the proper protection of the Bondholders and of the Trustee.

Section 2. Bonds authorized hereby, in addition to the Bonds the issue of which is provided for in section 1 of this Article, may from time to time be executed by the Company and delivered by it to the Trustee, and shall be certified and delivered by the Trustee to or on the written order of the president or treasurer of the Company, but only subject to the provisions of sections 5 and 6 of this Article, and only (under this section) for the purpose of refunding, by payment, purchase, exchange, redemption or otherwise, at, before or after maturity, at least a like principal amount of other Bonds issued hereunder; and shall be so certified and delivered only in each such case upon filing with the Trustee the sworn certificate and only upon the condition hereinafter in this section provided for and upon deposit with the Trustee by the Company of the Bonds to be refunded with all the unmatured coupons thereunto belonging and, in the case of registered Bonds, with duly executed instruments of transfer, to a principal amount at least equal to the principal amount of the Bonds in each case so to be certified and delivered. The certificate so to be filed with the Trustee shall be a sworn certificate of the president and the treasurer of the Company specifying the particular Bonds to be refunded, stating that such Bonds have not been used as the basis for the issue of any Bonds or the satisfaction of any sinking fund or other requirement hereunder or as the basis for the payment of any moneys to the Company by the Trustee and setting forth facts sufficient to establish to the satisfaction of the Trustee that such Bonds are Bonds issued hereunder as herein defined. Furthermore, the Bonds so to be certified and delivered shall be certified and delivered only in each such case under the conditions, and when there shall have been filed with the Trustee the proofs and authorizations conforming to the provisions hereof and evidencing compliance therewith, specified in subsections A, C, F, G and H (except in so far as the provisions of said subsection relate to additional property) and (in so far as the Bonds are of a new series) I of section 3 of this Article.

Bonds issued hereunder deposited with the Trustee under the provisions of this section shall forthwith be canceled by the Trustee and delivered to the Company upon its written request, and (except as aforesaid) no Bonds shall be issued hereunder in place thereof.

Section 3. Bonds authorized hereby, in addition to the Bonds the issue of which is provided for in sections 1 and 2 of this Article, may from time to time be executed by the Company and delivered by it to the Trustee, and shall be certified and delivered by the Trustee to or on the written order of the president or treasurer of the Company, but only subject to the provisions of sections 5 and 6 of this Article, and only (under this section) when all of the following conditions have been complied with:

A. When the net earnings of the Company for any twelve (12) consecutive calendar months within the fifteen (15) calendar months next preceding the date of filing with the Trustee of the application for the certification and delivery of such Bonds shall have amounted to at least three (3) times the annual interest charges on the Bonds outstanding hereunder at such date of filing and on the Bonds the issue of which is then applied for less any Bonds retired after such date of filing and on or before the issue of the Bonds then applied for.

B. When the aggregate principal amount of the Bonds then being applied for does not exceed sixty per cent. (60%) of the cost or fair value (whichever is less) to the Company of additional property which is made the basis of the application.

C. When there has been filed with the Trustee a written application of the president or treasurer of the Company requesting the certification and delivery of such Bonds of a stated principal amount, accompanied by a certified copy of resolutions of the board of directors of the Company, authorizing such application and the issue, certification and delivery of such Bonds and specifying within the limitations herein imposed, the denominations, the series, and the total amount of the Bonds to be issued and, if the same be of a new series, specifying, all within the limitations imposed by this Indenture, full particulars the determination of which by the board of directors of the Company with respect to subsequent series is authorized or required by sections 1 and 6 of Article II or by other provisions of this Indenture.

D. When there has been filed with the Trustee a sworn certificate of the president and the treasurer of the Company stating (in such manner and detail as to show express conformity with the requirements of this Indenture in all pertinent particulars) that the property covered by such certificate consists, and consists only, of additional property, that the Company has acquired or constructed such additional property (which shall be described in reasonable detail satisfactory to the Trustee), and stating the location, date or dates of acquisition and cost of all additional property embraced in such certificate.

E. When there has been filed with the Trustee a sworn certificate of a firm of engineers, appointed and paid by the Company, and approved and believed independent by the Trustee, stating that in their opinion the Company has duly complied with its maintenance covenant contained in section 8 of Article IV and in Article XI hereof, or that any deficiency in that respect has been made good, and stating further:

(a) that they have examined such officers' certificate and also the additional property of the Company therein described, and have considered such property in relation to the Trust Property and the business of the Company and that in their judgment all property described in such certificate consists, and consists only, of additional property as herein defined;

(b) the fair value of such additional property to the Company upon the date of acquisition and (as regards all that property of the nature specified in sub-clauses 1, 3 and 4 of division A of section 4 of Article I included in the additional property covered by such certificate) the excess fair value designated in said section in respect of property designated in said sub-clauses, and, in the case of partly completed construction or other work, the estimated aggregate cost and fair value of such construction or other work when completed; and when there shall also have been filed with the Trustee, in all cases in which such date of acquisition of any additional property covered by such certificate is more than one (1) year before the date or filing with the trustee of the application then pending (to be identified by reference thereto satisfactory to the Trustee), a second sworn certificate of such engineers similarly evidencing the fair value of such additional property upon a date within ninety (90) days of the date of filing of such application; and the lower fair value thus shown shall be used for all purposes of this section and of section 4 of this Article;

(c) that, in the event that any portion of such additional property has been acquired directly or indirectly from any one who has been using such property in carrying on a business, in determining the fair value of such property, such engineers have considered only its physical value; and

F. When there has been filed with the Trustee a sworn certificate of the president and the treasurer of the Company, stating whether the Company is to the knowledge of the signers in default in the observance or performance of any provision hereof or of the Bonds.

G. When there has been filed with the Trustee a sworn certificate of the treasurer of the Company, verified by a sworn certificate of a certified public accountant (who may be regularly employed by the Company), appointed and paid by the Company and approved by the Trustee, showing in detail the net earnings (as hereinbefore defined) of the Company for twelve (12) consecutive calendar months within the fifteen (15) calendar months next preceding the date of filing with the Trustee of the application for the certification and delivery of such Bonds, and showing how the same have been calculated in such manner as to show expressly conformity to such definition of net earnings and to the other requirements hereof.

H. When there shall have been filed with the Trustee an opinion of counsel (who may be of counsel to the Company) satisfactory to the Trustee and paid by the Company, to the effect that the resolutions of the board of directors of the Company hereinbefore provided for were duly passed or adopted at a meeting or meetings duly called and held and are effective for the purpose; and all necessary action on the part of the Company has been taken legally and in compliance with the provisions hereof; that the Company has powers, authority and franchises adequate for the acquisition and/or operation of the additional property acquired or constructed by the Company and serving as a basis for the application pending (to be identified in such opinion to the satisfaction of the Trustee) and has title to such additional property (to be identified by reference to such officers' certificate); and that such additional property has become subject to this Indenture free and clear of all liens, encumbrances and defects except taxes for the current year not at the time due and except designated defects, if any, which in the opinion of such counsel, as to their effect upon the security of this Indenture, can be properly ignored or are adequately guarded against by some bond or other designated indemnity.

Unless such opinion states that no recording and/or instruments are necessary to vest in the Trustee as part of the Trust Property, free of prior liens, encumbrances and defects except as aforesaid, all of the additional property of the Company covered by such opinion and certificate, such opinion shall specify all places where recording is reasonably called for and shall specify, and (unless the same shall already have been delivered) shall be accompanied by, such instrument or instruments of conveyance, assignment and/or transfer as, in the opinion of such counsel, shall be necessary so to vest title in the Trustee. Unless such opinion states that no approval of any state, local or federal authority is required by law in respect of any matter covered by such opinion, such opinion shall specify, and shall be accompanied by a certified copy of, each such order or approval by such public authority as, in the opinion of such counsel, shall be required by law.

I. When, if the Bonds applied for be of a new series, there has been executed between the Company and the Trustee, and filed with the Trustee, a supplemental indenture pursuant to the provisions of sub-clause (6) of Article XIV and the provisions of section 1 of Article II of this Indenture, in form approved by the Trustee and approved by an opinion of counsel (who may be of counsel to the Company) satisfactory to the Trustee and paid by the Company, filed with the Trustee, to the effect that such supplemental indenture is not inconsistent with the provisions of this Indenture, has been duly authorized and executed and is effective for the purpose. Such opinion shall state what taxes, if any, are required to be paid at the time of such proposed issue, and that such issue will not exceed in amount that permitted by law.

Section 4. Whenever the Company shall desire to anticipate:

(a) the issue of additional Bonds for refunding as provided in section 2 of this Article; and/or

(b) the issue of additional Bonds for additional property as provided in section 3 of this Article;

Bonds authorized hereby, in addition to the Bonds the issue of which is provided for in sections 1, 2 and 3 of this Article, may from time to time be executed by the Company and delivered by it to the Trustee, and shall be certified and delivered by the Trustee to or on the written order of the president or treasurer of the Company, but only subject to the provisions of sections 5 and 6 of this Article, and only (under this section) upon deposit with the Trustee by the Company of cash equal to the principal amount of the Bonds in each case so certified and delivered and only under the conditions; and when there shall have been filed with the Trustee the proofs and authorizations conforming to the provisions hereof and evidencing compliance therewith, specified in subsections A, C, F, G, H (except in so far as the provisions of said subsection relate to additional property) and (in so far as the Bonds are of a new series) I of section 3 of this Article; provided, however, that the Trustee shall not certify and deliver additional Bonds under this section to such an extent that the total amount of cash held by the Trustee