

(c) as the case may be, (1) that such shares of stock and/or bonds or other obligations of such corporation are free and clear of all liens and charges, and whether the properties, or any thereof, of such corporation are subject to any mortgage or lien of record or are known or believed to be subject to any mortgage or lien not of record, in each instance specifying the amount and character of any indebtedness secured by such mortgage or lien and that such mortgage or lien, if any, is permitted by the terms hereof, or (2) whether such lands, plants or other property are subject to any mortgage or lien of record or are known or believed to be subject to any mortgage or lien not of record, in each instance specifying the amount and character of any indebtedness secured by such mortgage or lien, and that such mortgage or lien, if any, is permitted by the terms hereof;

(d) as the case may be, (1) the fair value of such lands or plants or of such betterments or improvements of or additions to property in respect of the acquisition whereof such expenditures have been made or such liabilities incurred, after deducting the aggregate amount of all liens thereon prior to the lien of this Indenture (in case of property acquired by the Company) or prior or senior to the shares of stock and/or bonds or other obligations of a subsidiary company pledged or to be pledged hereunder (in the case of property acquired by such subsidiary company), or (2) the fair value of the admissible property of the corporation, in respect of the acquisition of whose shares of stock and/or bonds or other obligations such expenditures have been made or such liabilities incurred and the value computed as provided in sub-division (4) of Section 2 of this Article, of the shares of stock and/or bonds or other obligations so acquired by the Company (which value shall in no case be less than sixty per cent. of the fair value of the admissible property of such corporation);

(e) that the expenditures or liabilities forming the subject of such certificates were not and will not be in excess, as the case may be, (1) of either the actual cost or the fair value of such lands, plants, betterments, improvements or additions, or (2) of either the actual cost or of the value, computed as aforesaid, of such shares of stock and/or bonds or other obligations and (3) that the principal amount of Bonds requested to be authenticated and delivered and/or the amount of cash requested to be paid out of deposited moneys, together with the amount of any liens on the property affected prior in lien to this Indenture (in the case of property acquired by the Company) or prior or senior to the shares of stock and/or bonds or other obligations of a subsidiary company, pledged or to be pledged hereunder (in the case of property acquired by such subsidiary company) is not in excess of eighty per cent. of the fair value (before deducting the aggregate amount of such prior liens thereon) of such lands, plants and/or property, including such betterments, improvements or additions, if any;

(f) the aggregate amount of the Bonds theretofore authenticated and delivered and/or the deposited moneys theretofore paid out, in respect of expenditures made or liabilities incurred for the acquisition by subsidiary companies of properties of the character mentioned in sub-divisions (1), (2) and (3) and for the acquisition by the Company of shares of stock and/or bonds or other obligations as provided in sub-division (4) of Section 2 of this Article;

(g) that none of such expenditures or liabilities has been or will be included by the Company or by the subsidiary company making or incurring them in operating expenses or cost of maintenance, and that none of such expenditures or liabilities was or will be such as shall at the time be properly chargeable to repair, maintenance or renewal account under rules and principles of accounting generally recognized by certified or chartered public accountants in the United States of America; and

(h) that no portion of the expenditures or liabilities so certified has been included in any certificate previously furnished to the Trustee under this Section or has been made or reimbursed out of moneys held subject to any of the provisions of this Indenture.

(3) In every case of a request for the authentication and delivery of Bonds or the payment of deposited moneys in respect of expenditures made or liabilities incurred by the Company or by a subsidiary company for any of the purposes mentioned in sub-divisions (1), (2) and/or (3) of Section 2 of this Article, a certificate of an expert deemed by the Trustee to be competent for the purpose (who may be an employee of the Company), stating that personally or through one or more competent assistants he has examined the additional property and/or the betterments and improvements of and additions to property specified in the certificate or certificates referred to in sub-section (2) of this Section and has considered the same in relation to the business of the Company or of the subsidiary company which acquired the same and is of the opinion that either by expenditures, substitutions or proper allowances the properties of the Company mortgaged hereunder or the properties of such subsidiary company, as the case may be, have been as a whole kept in satisfactory operative condition within the requirements of Sections 4 and 7 of Article Three hereof and that in his judgment the fair value of such additional property, betterments, improvements and/or additions is, for the purpose of the Company, a specified sum stated in such certificate, which sum does not include the cost of any repairs, replacements or renewals necessary to keep the plants and property of the Company or of such subsidiary company in operative condition. In case any portion of such additional property consists of property acquired from any person or any corporation, association or copartnership, who or which has theretofore used such property in conducting a business, such expert shall certify that in determining the fair value of such additional property he has considered only the physical property included in the property so acquired.

(4) In every case of a request for the authentication and delivery of Bonds or the payment of the deposited moneys in respect of expenditures made or liabilities incurred by a subsidiary company for the acquisition of property of any character mentioned in sub-divisions (1), (2) and/or (3) of Section 2 of this Article, bonds or other obligations, either secured or unsecured, and/or shares of stock of such subsidiary company of a value, computed as provided in sub-division (4) of Section 2 of this Article in respect of the shares of stock and/or bonds or other obligations in said sub-division referred to, at least equal to the amount of the expenditures or liabilities so certified to have been made or incurred by such subsidiary company, accompanied by all instruments of assignment and transfer necessary or proper to subject the same to the lien hereof.

(5) In every case of a request for the authentication and delivery of Bonds or the payment of deposited moneys in respect of expenditures made or liabilities incurred by the Company for the acquisition of shares of stock and/or bonds or other obligations, as provided in sub-division (4) of Section 2 of this Article, a certificate of the Company, signed by the President or by one of the Vice-Presidents and by the Treasurer or an Assistant Treasurer or by the Comptroller or the Auditor of the Company under its corporate seal, setting forth

(a) that the properties of the corporation, in respect of the acquisition of whose shares of stock and/or bonds or other obligations such expenditures have been made or such liabilities incurred by the Company, are of a character for the acquisition whereof directly by the Company Bonds might be authenticated and delivered under the provisions of sub-divisions (1), (2) and/or (3) of Section 2 of this Article; and

(b) the total amount of the capital stock of such corporation authorized and issued, the classes thereof, if any, the amount of each class and the classes which have voting power; the total amount of the bonds and/or other obligations and all other liabilities of said corporation, or that said corporation has no bonds or obligations or other liabilities outstanding, and, by description and amount, any bond and/or other obligations which have voting power.

(6) In every case of a request for the authentication and delivery of Bonds or the payment of deposited moneys in respect of expenditures made or liabilities incurred by the Company for the acquisition of shares of stock and/or bonds or other obligations, as provided in sub-division (4) of Section 2 hereof, a certificate of an expert deemed by the Trustee to be competent for such purpose (who may be an employee of the Company), stating that personally or through one or more competent assistants he has examined the admissible property which said shares of stock and/or bonds or other obligations of such corporation represent and has considered the same in relation to the business of the Company and is of opinion that either by expenditures, substitutions or proper allowances said admissible property as a whole has been kept in satisfactory, operative condition within the requirements of Sections 4 and 7 of

Article Three hereof and that in his judgment the fair value of said admissible property is, for the purposes of the Company, a specified sum stated in such certificate.

(7) In every case, all such deeds, mortgages, conveyances, transfers, assignments or instruments of further assurance or otherwise and such evidences of the filing or recordation thereof as may be necessary or proper for the purpose of effectually subjecting to the lien and operation of this Indenture any new property (including shares of stock and/or bonds or other obligations) acquired or to be acquired by the Company, subject only to any prior liens permitted by the terms hereof.

(8) In every case, an opinion of counsel satisfactory to the Trustee (who may be counsel for the Company) that the purposes for which Bonds are requested to be authenticated and/or for which deposited moneys are requested to be paid out are purposes for which Bonds may be lawfully authenticated and delivered or deposited moneys paid out under Section 2 of this Article and that said deeds, mortgages, conveyances, transfers, assignments or instruments of further assurance or otherwise are valid and sufficient for the purpose of effectually subjecting to the lien and operation of this Indenture the properties provided to be so subjected thereto under provisions of sub-divisions (4) and (7) of this Section, subject only to any prior liens permitted by the terms of this Indenture, or that no such instrument is necessary for such purpose.

(9) In every case of a request for the authentication and delivery of Bonds and/or the payment of deposited moneys in respect of expenditures made or liabilities incurred for the acquisition by the Company of stocks and/or bonds or other obligations, as provided in subdivision (4) of Section 2 of this Article, an opinion of counsel satisfactory to the Trustee (who may be counsel for the Company) that the admissible properties of the corporation whose shares of stock and/or bonds or other obligations shall have been so acquired, are free and clear of all liens of record and are not known or believed to be subject to any lien not of record (other than liens in such cases permitted by the terms of this Indenture) and that such corporation has been legally and validly organized and that such shares of stock and/or bonds or other obligations have been legally and validly issued.

(10) In every case of a request for the authentication and delivery of Bonds or the payment of deposited moneys in respect of expenditures made or liabilities incurred by a subsidiary company, an opinion of counsel satisfactory to the trustee (who may be counsel for the Company) that the stocks and/or bonds or other obligations of such subsidiary company pledged or to be pledged hereunder in respect of such expenditures or liabilities have been legally and validly authorized and issued and are in all respects legal and valid.

(11) In every case, an opinion of counsel satisfactory to the Trustee (who may be counsel for the Company) that the consent of any governmental authority, whose consent is a legal requisite to the authentication and delivery of such Bonds by the Trustee, has been procured, or that no such consent is necessary.

Section 5. Subject to the provisions of Section 5 of Article One hereof, upon delivery to the Trustee in accordance with the provisions of Section 4 of this Article of all of the documents and instruments therein required to be delivered for the purpose of authorizing and procuring the authentication and delivery of Bonds reserved under Section 2 of this Article and/or the payment of deposited moneys, and not otherwise, the Trustee shall authenticate and thereupon deliver to the Company or as directed in the request for the authentication and delivery thereof \$80 principal amount of Bonds for each \$100 of the expenditures and/or liabilities certified to have been made or incurred as aforesaid, and/or shall pay to or upon the order of the Company out of the deposited moneys \$80 in cash for each \$100 of such expenditures and/or liabilities; provided, however, that the aggregate of the principal amount of Bonds so authenticated and delivered and/or the amount of cash so paid out of the deposited moneys and the amount of all prior liens certified to exist on the property affected shall not, in the case of any property subject to any lien or liens prior to the lien of this Indenture (of property of the Company) or prior or senior to the shares of stock and/or the bonds or other obligations of a subsidiary company, pledged or to be pledged hereunder (if property of such subsidiary company), exceed eighty per cent. of the fair value (before deducting the amount of all such prior liens thereon) of such property, including any betterments, improvements or additions made with the proceeds of said Bonds or with said deposited moneys.

The Trustee shall not be concerned with or be accountable to anyone for the use or application by the Company of any Bonds authenticated and delivered by the Trustee or of any deposited moneys paid to or upon the order of the Company pursuant to any of the provisions of this Article.

Section 6. The resolutions, opinions, certificates and other documents required or provided by any provision of Section 4 of this Article to be delivered to the Trustee as a condition precedent to the authentication and delivery of Bonds or the payment of deposited moneys hereunder may be accepted by the Trustee as conclusive evidence of any statement therein contained pertaining to the right or duty of the Trustee to authenticate and deliver Bonds or to pay out deposited moneys pursuant to Section 2 or Section 3 of this Article and shall be full warrant and protection to the Trustee acting on the faith thereof for the authentication and delivery of such Bonds or the payment of such deposited moneys. The Trustee, however, may, but shall not be required to, make such further inquiry as it may deem advisable with respect to any statement contained in any such resolution, certificate or other document or call for the opinion of counsel selected or approved by it (who may be counsel for the Company) with respect to any question of law arising in connection with the authentication or delivery of the Bonds or the payment of deposited moneys, whether or not such question shall have been covered by any opinion of counsel furnished under the foregoing provisions of this Article, and may accept such opinion of counsel as conclusive upon the questions covered thereby. If the Trustee shall determine to make such further inquiry, it shall be entitled to examine, at the expense of the Company, any or all properties, employees, books and records of the Company or of any subsidiary company and, unless satisfied as to the truth and accuracy of the statement so investigated, shall not be obliged to act upon the faith of the instrument containing such statement; but in case the Trustee shall refuse to accept or act on the faith of any resolution, certificate or other document, it shall promptly notify the Company in writing of such refusal and the reasons therefor.

Section 7. At any time and from time to time, but subject to the provisions hereinafter in this Section contained, the Company, on or after the surrender to the Trustee of all or any of the Bonds of any series previously authenticated, in every case with all unmatured coupons thereto appertaining, and after cancellation of such Bonds and coupons by the Trustee, may execute and deliver to the Trustee and thereupon, upon the written request of the Company, signed by an officer thereunto duly authorized by its Board of Directors, and upon receipt of a copy of the resolution containing such authorization, duly certified by the Secretary or an Assistant Secretary of the Company under its corporate seal, the Trustee shall authenticate and in exchange for the Bonds so cancelled shall deliver as directed in such written request a like aggregate principal amount of Bonds of any series, other than Series A, then existing or constituted or of some one or more new series constituted and determined as hereinbefore provided, but in no case bearing interest at a higher rate than said Bonds so cancelled. No Bonds shall be authenticated and delivered under the provisions of this Section in respect of convertible Bonds, if any, which shall have been converted into stock of the Company or in respect of Bonds which shall have been purchased, paid or retired through the operation of a sinking fund created for that purpose or through the use of moneys permitted or required by any provision of this Indenture to be applied to the purchase, payment or redemption of Bonds. The Trustee shall deliver the Bonds and coupons cancelled upon any such exchange to the Company on its written request.

Section 8. In case any of the events of default specified in Section 2 of Article Seven hereof shall have happened and shall be continuing or in case the Company shall be in default in the payment of interest on any of the Bonds outstanding hereunder, the right of the Company to obtain the authentication and delivery of Bonds or payments out of deposited moneys under any of the provisions of this Article shall forthwith cease and the Trustee shall not thereafter authenticate and deliver any Bonds or make any payments out of deposited moneys, provided that, if (a) prior to the declaration of the maturity of the principal of the Bonds, as provided in Section 2 of Article Seven hereof, such default shall have been remedied to the satisfaction of the Trustee or (b) such default shall have been remedied and its consequences waived as provided in Section 2 of said Article, the right of the Company to obtain the authentication and delivery of Bonds and payments out of deposited moneys shall forthwith revive and continue as before such default occurred. The Trustee shall not be chargeable with knowledge of any event of default for the purposes of this Section, unless it shall have received written notice thereof.