

upon the basis of permanent improvements or additions, as defined in Section 4 hereof, but only in accordance with and subject to the conditions, provisions and limitations set forth in the next succeeding six sections of this Indenture, numbered from 28 to 33, both inclusive.

Section 28. No bonds shall be authenticated and delivered at any time under the provisions of this Article VI, upon the basis of

(1) any permanent improvements or additions to the extent that such permanent improvements or additions have previously been made the basis

(a) of the authentication and delivery of bonds under this Indenture,

(b) of the withdrawal under the provisions of this Indenture of any cash, other than cash representing the proceeds of insurance or sale or other disposition of property acquired, made or constructed by the Company after April 10, 1926, but not used prior to such sale or other disposition or the event which resulted in the payment of insurance as the basis for the authentication and delivery of bonds or withdrawal of cash or release of property under any of the provisions hereof,

(c) of the withdrawal of any cash under any provisions of the underlying mortgage or of any mortgage or other instrument constituting a prior lien, other than cash held by the trustee of the underlying mortgage or by the trustee or other holder of any mortgage or other instrument constituting a prior lien for the purposes of any sinking fund or other similar device for the retirement of bonds, or

(d) of the release of property under the provisions of this Indenture or under the provisions of the underlying mortgage or of any mortgage or other instrument constituting a prior lien if such property so released or to be released has theretofore been made the basis for the authentication and delivery of bonds or the withdrawal of cash under this Indenture, other than any such permanent improvements or additions which shall have been released from the lien hereof as hereinafter in Article XII hereof permitted and reacquired by the Company subsequent to such release,

or upon the basis of

(2) any permanent improvements or additions acquired by the Company (in substitution for the property theretofore subject to the lien hereof and owned by the Company on April 10, 1926, or thereafter acquired, made or constructed by the Company and used under this Indenture as the basis for the authentication and delivery of bonds or withdrawal of cash or release of property provided the property so released has theretofore been made the basis for the authentication and delivery of bonds hereunder) in the exercise by it of any right which it may have to apply the proceeds of insurance, or of sale or taking by eminent domain of property, to the acquisition of such substituted permanent improvements or additions without depositing such proceeds with the Trustee hereunder or with the trustee under the underlying mortgage or with the trustee or other holder of any prior lien.

Section 29. Bonds of any one or more series shall be authenticated and delivered under the provisions of this Article VI upon the basis of permanent improvements or additions (as defined in Section 4 hereof) acquired, made or constructed, for a principal amount not exceeding seventy-five per centum (75%) of the cost or the then fair value thereof to the Company (whichever shall be less). The cost of any such permanent improvements or additions shall be deemed to be the sum of (1) any cash forming a part of such cost, (2) an amount equivalent to the fair market value in cash of any securities issued or delivered in payment therefor or for the acquisition thereof as of the date of such issue or delivery and (3) the principal amount of any prior lien bonds outstanding against such permanent improvements or additions at the time of their acquisition unless the certificate hereinafter in Subdivision (3) of Section 33 hereof provided for shall show that other permanent improvements or additions subject to the same prior liens have theretofore been made the basis of the authentication and delivery of bonds under this Article VI, or the withdrawal of cash or the release of property under any of the provisions of this Indenture. The amount of the cost of any permanent improvements or additions and the then fair value thereof to the Company shall be determined for the purposes of this Section by the certificates provided for in Section 33 hereof.

Section 30. In all cases in which it shall appear from the certificates hereinafter in Section 33 provided for, that permanent improvements or additions proposed to be made the basis for the authentication and delivery of bonds under the provisions of this Article VI are subject to prior liens, as defined in Section 6 hereof, the amount of the then outstanding prior lien bonds secured by such prior liens (exclusive of any such outstanding prior lien bonds which may concurrently with such certificates be deposited with the Trustee to be held under the provisions of Article X hereof and with respect to which deposit the Company shall certify that it elects not to have any bonds authenticated and delivered hereunder upon the basis thereof) shall be deducted from the amount of bonds which might otherwise be authenticated pursuant to the provisions of Section 29 hereof, unless such certificates shall also show that other permanent improvements or additions subject to the same prior liens have theretofore been made the basis of the authentication and delivery of bonds under this Article VI, or the withdrawal of cash or the release of property under any of the provisions of this Indenture. If, at any time after the amount of any outstanding prior lien bonds secured by such prior liens shall have been deducted in accordance with the provision of this Section from the amount of bonds which might otherwise be authenticated and delivered hereunder, or after the amount of any outstanding prior lien bonds secured by any prior lien shall have been deducted in accordance with any provisions of this Indenture in connection with the withdrawal of cash or the release of property hereunder, the Company shall either

(a) deposit with the Trustee any outstanding prior lien bonds secured by any such prior liens, to be held and dealt with by the Trustee in the manner and subject to the conditions and provisions set forth in Article X hereof, or,

(b) file with the Trustee a Treasurer's certificate, as defined in Section 3 hereof, to the effect that the amount of outstanding prior lien bonds secured by any such prior liens has been reduced by payment or otherwise or ascertained by judicial determination or otherwise 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, accompanied by a concurring opinion of counsel, as defined in Section 3 hereof,

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 amount of the prior lien bond or bonds so deposited with the Trustee, or (as the case may be) equivalent to the amount by which the principal amount of such prior lien bonds secured by any such prior lien shall be certified to have been reduced or ascertained to be invalid.

No bonds shall be authenticated and delivered under this Section by reason of the deposit of any prior lien bonds or the payment, reduction or ascertainment of invalidity thereof if such deposit or payment, reduction or ascertainment of invalidity shall have been used as the basis of the withdrawal of cash or the authentication and delivery of bonds or release of property under any of the provisions of this Indenture, or by reason of the deposit of any prior lien bonds with respect to which deposit the Company shall have certified 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 Trustee under the provisions of Section 43 or Section 51 hereof.

No bonds shall be authenticated and delivered under the provisions of this Section unless the Trustee at the time of the application for such authentication and delivery shall receive a resolution and certificate such as are described in Subdivisions (1) and (2) of Section 33 hereof and an opinion of counsel such as is described in Subsection (4) of Section 35 hereof, together with the officially authenticated certificates or other documents, if any, described in such opinion of counsel.

Section 31. No bonds shall be authenticated and delivered upon the basis of permanent improvements or additions unless as shown by a net earnings certificate, as defined in Section 8 hereof, the net earnings of the Company for the period therein referred to shall have been in the aggregate either (1) at least equivalent to twice the actual interest requirements for a like period upon (a) all outstanding underlying bonds at the date of such net earnings certificate, (b) all bonds issued hereunder and outstanding at said date, (c) those applied for, (d) all outstanding prior lien bonds at said date other than prior lien bonds deposited with or made the basis of such application, and (e) all indebtedness (other than indebtedness evidenced by prior lien bonds as in Section 6 hereof defined) outstanding in the hands of the public at said date, secured by lien prior to the lien of this Indenture upon property of the Company subject to the lien of this Indenture, if said indebtedness has been assumed by the Company or if the Company customarily pays the interest charges thereon, or (2) at least equivalent to twelve per centum (12%) of the aggregate principal amount of the bonds and other obligations mentioned in the clauses (a), (b), (c), (d) and (e) of this Section, as the Company shall at its option elect.

Section 32. No bonds shall be authenticated and delivered under any provision of this Article VI or cash withdrawn under any of the provisions of this Indenture upon the basis of specially classified properties, as defined in Section 5 hereof, if at the time (a) the principal amount of all bonds theretofore authenticated and delivered under the provisions of this Article VI upon the basis of such specially classified properties as shall have continued to be specially classified within the meaning of that term as defined in Section 5 hereof, (b) the total amount of cash theretofore withdrawn under any of the provisions of this Indenture upon such basis, (c) the principal amount of any bonds and/or the amount of any cash then applied for upon such basis and (d) seventy-five per cent. (75%) of the cost or fair value (whichever is less) of specially classi-