

On and after the redemption date on which any bonds called for redemption become payable as aforesaid, the moneys deposited by the Company for the payment and redemption thereof shall be held by the Trustee in trust for the payment of such bonds in the manner specified, and from and after such redemption date, if such moneys shall have been so deposited, no further interest shall accrue upon any such bonds, and any coupons appertaining to such bonds for interest maturing after such date shall become and be null and void, anything in such bonds or in such coupon or in this Mortgage to the contrary notwithstanding, and the holders of such bonds shall be bound to look solely to the funds in the hands of the Trustee for the payment thereof. All bonds so redeemed and paid by the Trustee out of the moneys deposited by the Company or held by the Trustee as aforesaid shall be cancelled by the Trustee and delivered to or upon the written order of the Company signed by its President or a Vice-President.

If the amount necessary so to redeem all outstanding bonds is so deposited with the Trustee, together with (a) proof satisfactory to the Trustee that said notice of redemption has been duly given, or (b) proof satisfactory to the Trustee that arrangements have been made insuring to its satisfaction that such notice will be so given, or (c) a written instrument executed by the Company, under its corporate seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Company, and on payment to the Trustee of all other sums payable hereunder, the Trustee shall, upon the request of the Company, release and discharge this Mortgage and assign or cause to be assigned, and shall deliver to the Company or upon its order, any property then held by it hereunder.

Section 5. *Application of Moneys held by the Trustee to Redemption of Bonds.*

In case all bonds issued and outstanding hereunder shall at any time be called for redemption pursuant to the provisions of this Article, all moneys then held by the Trustee under the provisions of this Mortgage shall, upon request of the Company, expressed in a resolution of its Board of Directors, a certified copy whereof shall be delivered to the Trustee, to be applied by the Trustee to the redemption and payment of the bonds so called for redemption, and any such moneys in excess of the amount necessary for such redemption and payment shall be payable to the Company.

ARTICLE FIFTH.

*Sinking Fund.*

As a sinking fund for the extinguishment and payment of the bonds issued hereunder the Company covenants to pay in cash to the Trustee on May 1, 1926, and semi-annually thereafter until the principal of and interest upon all bonds issued hereunder are paid, the sum of Thirty thousand (30,000) Dollars. Any moneys at any time held in said sinking fund shall be applied by the Trustee at the option of the Company, to the purchase or redemption of bonds in accordance with the provisions of Article Fourth hereof. All moneys paid to the Trustee pursuant to this Article shall be held, until applied as herein provided, as a special trust fund for the further security of the bonds issued hereunder.

ARTICLE SIXTH.

*Concerning the Stock Pledged.*

Section 1. *Rights of Company as to Pledged Stock.*

All shares of stock pledged hereunder shall, upon their deposit with the Trustee, be properly endorsed in blank or accompanied by proper instruments of transfer and may, at the request of the Trustee (which shall be under no duty so to request) be transferred to the name of the Trustee, or its nominee, except such shares as shall be necessary to qualify Directors.

In the event that any company the stock of which is pledged hereunder shall suffer such a loss of its assets as to impair its capital stock, or shall have conveyed or transferred all or part of its assets, the capital stock of such company may be reduced to make good such impairment of capital stock, to such an extent as may be determined by the Board of Directors of the Company and, upon the written request of the Company evidenced by a certified copy of a resolution of the Board of Directors specifying that the stock of such company is to be so reduced, together with a detailed statement of the reasons therefor, the Trustee shall forthwith execute and deliver to the Company, or to its nominee specified in such request, suitable powers of attorney or proxies, with power of substitution, to vote upon or give its consent in respect of any such reduction of capital stock. If in pursuance thereof such capital stock is so reduced by certificates or shares representing the amount of stock by which the capitalization of such company is so reduced shall be delivered to the Company for cancellation.

In the event that any company the stock of which is pledged hereunder is liquidated or dissolved, or merged, consolidated or reorganized, the Trustee shall, in the event of a liquidation or dissolution, surrender the capital stock of such company then pledged hereunder to or upon the written order of the Company, signed by its President or a Vice-President, upon receipt of the proceeds, if any, of such liquidation or dissolution and, in case of a merger, consolidation or reorganization, shall surrender the capital stock of the company then pledged hereunder in exchange for corresponding stock of the company, or other consideration, resulting from such merger, consolidation or reorganization. Any cash so received shall be applied by the Trustee, at the option of the Company, to the purchase or redemption of bonds as provided in Article Fourth hereof, and any stock so received shall be pledged hereunder as security for the bonds issued hereunder.

Unless the Company shall be in default hereunder, it shall have the right, except as hereinafter limited, to vote or give any consent in respect of any shares of stock pledged hereunder for any purpose and with the same force and effect as though said shares were not so pledged, and from time to time, in case such shares of stock pledged hereunder shall have been transferred to the name of the Trustee or its nominee, the Trustee, upon the request of the Company evidenced by a certified copy of a resolution of its Board of Directors, shall execute and deliver, or cause to be executed and delivered, to the Company or its nominees proper powers of attorney or proxies with power of substitution to vote or give any consent in respect of said stock.

The Company shall not, however, give any consent in respect of or use or vote, or permit to be used or voted, any stock pledged hereunder to approve or assent to:

- (A) The authorization or issue of any additional shares of stock, or of any shares of any new class of stock, of any company the stock of which is pledged hereunder; or
- (B) The liquidation or dissolution of any such company; or
- (C) The merger, consolidation or reorganization of any such company; or
- (D) The sale of all or substantially all of the assets of any such company;

unless effective provision shall simultaneously be made that (a) all such additional or new classes of stock when issued, (b) the proceeds of such liquidation or dissolution, or (c) the stock, securities or other proceeds from such merger, consolidation, reorganization or sale shall simultaneously be mortgaged or pledged hereunder to be held and disposed of under the provisions hereof, unless otherwise required by the provisions of a mortgage prior to the lien hereof covering any property so sold, and upon the making of such provision the Company shall be entitled so to vote such stock or to give such consent in respect thereof.

The Company reserves the full and unrestricted right, anything in this Mortgage contained to the contrary notwithstanding, to vote or cause to be voted any and all stock of The Parr Shoals Power Company at any time pledged hereunder in favor of the execution and delivery by The Parr Shoals Power Company of a second mortgage covering all of its property, franchises, rights and privileges then owned or thereafter acquired, securing an issue of bonds limited in principal amount to Three hundred thousand (300,000) Dollars, which mortgage shall provide that such bonds shall be issued to an amount not exceeding eighty (80) per centum of expenditures made or liabilities incurred by The Parr Shoals Power Company subsequent to November 1, 1924, for additions, extensions, improvements and betterments to its property and that such bonds shall, simultaneously with their issue, be deposited and pledged under the First and Refunding Mortgage of the Company against the issuance in exchange therefor, bond for bond, or bonds secured thereby. Such bonds of The Parr Shoals Power Company shall be issued on the same basis, that is to say eighty (80), seventy-five (75) or seventy (70) per centum, as the case may be, with reference to construction or acquisition of property, on which the Company is then entitled to issue its own bonds in compliance with the provision with reference to earnings contained in said First and Refunding Mortgage.

The Company reserves the full and unrestricted right to vote or cause to be voted any and all stock of the Columbia Gas Light Company in favor of the execution and delivery by the Columbia Gas Light Company of a new first mortgage covering all of its property, franchises, rights, and privileges then owned or thereafter acquired, securing an issue of bonds unlimited in amount. Such mortgage shall provide that at the time of its execution and delivery not exceeding Two hundred and twenty-five thousand (225,000) Dollars principal amount of bonds secured by such mortgage shall forthwith be issued for the payment and cancellation of an equal principal amount of bonds of the Columbia Gas Light Company secured by its mortgage to The New York Trust Company, as Trustee, dated July 1, 1906, and not exceeding Three hundred twenty-five thousand (325,000) Dollars principal amount of such bonds shall also forthwith be issued for the payment and cancellation of an equal principal amount