

and all such bonds or notes shall be held by it uncanceled except as hereinafter provided. Until the discharge and release of the mortgage or trust agreement securing the bonds or notes so pledged with the Trustee under the provisions of this Section, such bonds and notes shall retain their respective priority rights, benefits and privileges and shall be secured by the respective mortgage or trust agreement securing the same, and the Trustee hereunder may, as the holder of such bonds or notes, take such action to enforce the same, or any of the rights of the bondholders or noteholders under said respective mortgage or trust agreement, or join in any proceedings authorized under said mortgages or trust agreement, whenever and in such manner as it may deem necessary and proper for the protection of the holders of the bonds hereby secured, and, for that purpose, the Trustee is hereby appointed the agent of the holders of the bonds issued hereunder and secured hereby, with full and adequate powers in the premises.

Neither the principal of nor the interest upon any of such bonds or notes at any time held by the Trustee hereunder shall be required to be paid unless (a) one or more of the events of default described in Section 1 of Article Ninth of this Mortgage shall occur and shall continue for the period therein specified, or (b) a default shall have occurred under such bonds or notes or under the mortgage or trust agreement securing the same and by virtue of such default the right to institute proceedings thereunder shall have accrued, but, upon the happening of any such event of default hereunder or default thereunder, all such bonds or notes then held by the Trustee hereunder and secured by the mortgage or trust agreement under which such default has occurred and all interest maturing on such bonds or notes on and subsequent to the date upon which such event of default occurred hereunder, or subsequent to the date upon which the default was made in respect whereof the right to institute such proceedings shall have accrued, as the case may be, may forthwith be collected and payment thereof may be enforced equally and ratably with all of the other bonds or notes secured by such mortgage or trust agreement and not deposited with the Trustee hereunder. All interest maturing on any of such bonds or notes so deposited prior to the happening of any such event of default or to the date upon which such other default was made shall be deemed to have been paid and satisfied and, upon the request of the Company, signed by its President or a Vice-President, the coupons representing such interest shall be delivered for cancellation to the trustee under the mortgage or trust agreement securing the same. In case any such event of default or default under any such mortgage or trust agreement shall have been cured to the satisfaction of the Trustee, all such bonds or notes as to which no such proceedings as aforesaid shall be pending shall be restored to their former status under this section.

Whenever all of the outstanding bonds or notes secured by any of such mortgages or trust agreement, except lost or destroyed bonds or notes for which satisfactory indemnity shall have been given and except any bonds or notes held in any sinking fund under such mortgages or trust agreement, shall be deposited with the Trustee hereunder, or whenever all thereof except those then on deposit hereunder shall be paid or otherwise discharged, or whenever an amount sufficient to pay all thereof except those then on deposit hereunder shall have been deposited with the trustee under the mortgage or trust agreement securing the same, the Trustee hereunder, at the request of the Company, shall, provided that immediately thereupon the mortgage or trust agreement securing the same shall be cancelled and discharged of record, surrender the said bonds and notes then in its hands to the trustee under said mortgage or trust agreement for cancellation.

Whenever the trustee under any of said mortgages or trust agreement shall deliver to the Company, or on its order, a certificate of the satisfaction and discharge of any of such mortgages or trust agreement, or whenever sufficient moneys shall have been deposited with the trustee under any of the mortgages or trust agreement to entitle the Company to a discharge thereof, in accordance with the terms thereof, then and in that event the Trustee hereunder shall authenticate and deliver, to or upon the written order of the President or a Vice-President of the Company, bonds of any series at that time existing or then created hereunder equivalent in aggregate principal amount to the difference between the amount of the bonds or notes at that time issued and outstanding under such mortgage or trust agreement and those that have been deposited with the Trustee hereunder. There shall be included as outstanding bonds and notes any lost or destroyed bonds and notes for which satisfactory indemnity shall have been given.

A certificate delivered to the Trustee, signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company, as to anything appertaining to the right of the Company under this Section 5 to the authentication and delivery of bonds, may be received by the Trustee as conclusive evidence thereof to the Trustee and shall be full authority for action by the Trustee in accordance therewith, except where specific provision is made for the evidence upon which the Trustee may act.

Bonds issued under the provisions of this Section 5 shall be issued without any restrictions other than those in this Section 5 and in Section 14 of this Article provided.

Whenever any of such bonds or notes pledged hereunder shall be called for redemption or for any sinking fund under any mortgage or trust agreement securing the same, the Trustee shall present the same for payment at the time and place fixed for such purpose and, on receiving payment therefor at the redemption price, shall surrender the same for cancellation to the trustee under the mortgage or trust agreement securing the same. The proceeds of any such redemption or payment of bonds or notes shall, at the option of the Company evidenced by a certified copy of a resolution of its Board of Directors, either be applied to the purchase or redemption of bonds as provided by Article Fourth hereof, or paid to the Company by the Trustee at the rate of One thousand (1,000) Dollars of money for each One thousand (1,000) Dollars principal amount of bonds which could otherwise be authenticated and issued for the purposes and within the limitations set forth in Section 8 of this Article, upon compliance by the Company with the requirements of Section 9 of this Article, with such changes or omissions as may be appropriate by reason of the fact that the application of the Company is for the withdrawal of cash instead of for the authentication of bonds.

Section 6. *Issue of Bonds for Cash.*

The Company, at any time, shall be entitled to the authentication and delivery, to or upon the written order of the President or a Vice-President of the Company, of bonds of any series then existing or then created hereunder upon the delivery to the Trustee of a certified copy of a resolution of the Board of Directors of the Company calling for the authentication and delivery of a specified principal amount of bonds under the provisions of this Section 6, stating the series thereof and that the same have been sold at the price therein stated, and upon payment to the Trustee of the cash representing the proceeds of such sale, exclusive of accrued interest, provided, however, that no bonds shall be authenticated and delivered under this Section 6 to an amount which would cause the total proceeds from the sale of bonds at any time held by the Trustee under this Section 6 to be in excess of the proceeds of Five hundred thousand (500,00) Dollars principal amount of bonds.

The moneys so deposited with the Trustee are herein referred to as Deposited Moneys and shall at all times be subject to the lien hereof until paid out as hereinafter provided.

Whenever directed by the Company the Trustee shall invest all or part of the Deposited Moneys in such United States Government securities as shall be designated by the Company and shall, from time to time, upon the direction of the Company, sell and dispose of the securities in which said funds are invested, the proceeds thereof to be redeposited with the Trustee. A certified copy of a resolution of the Board of Directors of the Company containing a description of the securities to be purchased or sold and the maximum price to be paid therefor, or the minimum price at which the same are to be sold, shall be sufficient authority to the Trustee to purchase or sell such securities, and the Trustee shall be under no other or further obligation in respect of the purchase or sale of such securities. Any loss incurred by any such sale shall forthwith be made good by the Company by the payment to the Trustee of an amount equivalent to such loss, and any profits arising from any such sales, together with any interest allowed or earned on such funds, shall be paid over to or upon the written order of the President or a Vice-President of the Company, so long as the Company shall not be in default hereunder.

Such Deposited Moneys shall be paid out as follows: The proceeds of each One thousand (1,000) Dollars principal amount of bonds so sold shall be paid to the Company at its option, in lieu of the authentication and delivery of each One thousand (1,000) Dollars principal amount of bonds which could otherwise be authenticated and issued for the purposes and within the limitations set forth in Section 8 of this Article, upon compliance by the Company with the requirements of Section 9 of this Article, with such changes or omissions as may be appropriate by reason of the fact that the application of the Company is for the withdrawal of cash instead of for the authentication of bonds.

If at any time the then Deposited Moneys shall have been derived from sales of bonds at different prices, all of the bonds from which the Deposited Moneys shall have been derived shall, for the purposes of this Section, be deemed to have been sold at the average price per bond realized from all of such sales.

Section 7. *Purchase of Property Subject to Mortgage.*

In the event that the Company shall make an application for the authentication and delivery of bonds under Section 8 of this Article in connection with the acquisition of any property, plant or system subject to mortgage, bonds may be issued, authenticated and delivered in a principal amount not exceeding seventy (70), seventy-five (75) or eighty (80) per centum, as provided in said Section 8, of the actual value of the property so to be acquired, or of the actual cost to the Company of such property, whichever shall be less, including as part of such value or cost the principal amount of any bonds outstanding and secured by mortgage thereon, less an amount equal to one hundred and ten (110) per centum of the principal amount of the bonds outstanding and secured by mortgage, excluding therefrom in each case any bonds held in the sinking fund under any such mortgage.