

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 coupons 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 President or a Vice-President of the Company.

*Section 4. 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, 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 and Improvement Fund.*

*Section 1. Creation of Fund.*

The Company may, in the discretion of its Board of Directors, establish as to any series of bonds a fund to be known as the Sinking and Improvement Fund, and for that purpose will provide for payments to such Sinking and Improvement Fund on such day or days, in such amount or amounts and during such period or periods as shall be determined by the Board of Directors of the Company at the time such series is created.

*Section 2. Sinking and Improvement Fund for Series A Bonds.*

The Company shall establish and maintain a Sinking and Improvement Fund as to the bonds constituting Series A and for that purpose covenants to pay to the Trustee on September 1, 1926, and on each September 1 thereafter so long as any such Series A bonds shall be outstanding, an amount equivalent to two (2) per centum of the principal amount of the Series A bonds outstanding at the time of each such payment. For the purposes of this Section, all Series A bonds theretofore authenticated and delivered by the Trustee hereunder shall be deemed to be outstanding, except any Series A bonds called for redemption, provided the moneys necessary to redeem the same have been deposited with the Trustee, all bonds cancelled or surrendered for cancellation and all bonds purchased by the Trustee.

*Section 3. Application of Moneys in Fund.*

All money in the Sinking and Improvement Fund as to each or any series shall be held separately by the Trustee and paid out by it at the request of the Company as follows:

(a) It shall be paid to the Company, in the amount and on the order set forth in a certified copy of a resolution of the Board of Directors of the Company to be delivered to the Trustee, at the rate of One hundred (100) Dollars of money for each One hundred (100) Dollars of money expended for the purposes specified in Section 8 of Article Second hereof, and upon compliance by the Company with the requirements of Section 9 of said Article Second, except subdivision D thereof, 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 Deposited Money instead of for the authentication of bonds.

(b) It shall be applied by the Trustee, at the option of the Company evidenced by a certified copy of a resolution of the Board of Directors of the Company, to the purchase or redemption of any or all of the bonds belonging to the series for which it is created, in accordance with the provisions of Article Fourth hereof.

So long as there shall exist no event of default hereunder as defined in Section 1 of Article Ninth hereof, all money in the Sinking and Improvement Fund as to each series shall be used solely for the purchase or redemption of the bonds of that series or shall be paid over to the Company for the purposes and in the manner provided in subdivision (a) of this Section 3 of this Article; but, during the existence of any such event of default hereunder, all moneys in the Sinking and Improvement Fund as to any and all series shall be held for the equal security of all of the bonds, without regard to series, then outstanding hereunder.

Any and all additions, extensions, improvements or betterments to the property of the Company, or any additional property, plant or system purchased, constructed or otherwise acquired by the use of any moneys in the Sinking and Improvement Fund pertaining to any series of bonds, shall nevertheless be held by the Trustee in trust for the equal benefit and security of all the bonds issued or to be issued hereunder, without regard to series.

*Section 4. Sinking Fund Credits.*

In lieu of making cash payments to any Sinking and Improvement Fund, the Company shall be entitled to a credit on account of payments due to such fund, on surrender to the Trustee for cancellation of any of the bonds of the series for which such Sinking and Improvement Fund is established, equal to the principal amount of said bonds so surrendered.

As to payments to the Sinking and Improvement Fund established for Series A bonds, the Company shall likewise be entitled to a credit equal in amount to any payments made during the year ending June 30th next preceding September 1st in the calendar year to any sinking, improvement, betterment, extension or analogous fund provided for by other mortgage covering any property of the Company prior in lien to this Mortgage, but no maintenance or depreciation fund shall be construed as being a fund by reason of which the Company shall be entitled to any such credit. As evidence that the Company is entitled to such credit the Trustee may rely on a certificate signed by the President or a Vice-President or by the Treasurer or an Assistant Treasurer of the Company.

Nothing in this paragraph contained shall prohibit the Company from making provision for taking a like credit for payment required to be made to any sinking and improvement fund hereafter created for any series of bonds other than Series A, provided, however, that no such credit taken with respect to a sinking and improvement fund established for any particular series shall be taken for any sinking and improvement fund for any other series.

The Company shall likewise be entitled to a credit on account of payments due to the Sinking and Improvement Fund equal to the amount expended for any purpose for which bonds could have, but have not been issued under Section 8 of Article Second of this Mortgage, upon delivery to the Trustee of the certificates, resolutions and other papers required to be delivered in connection with a request for the authentication of bonds, other than by subdivision D of Section 9 of Article Second, with such changes or omissions as would be appropriate in case the application of the Company was for the withdrawal of Deposited Moneys instead of for the authentication of bonds, and no bonds shall thereafter be issued against such expenditures.

*Section 5. Repayment of Cash to Fund.*

The Company may at any time deposit to the credit of any sinking or improvement fund established for the benefit of any series of bonds issued hereunder the amount of any cash previously withdrawn therefrom or the amount of any credit previously taken under the provisions hereof, which cash or credit has been withdrawn or taken in lieu of the authentication of bonds for additions, extensions, improvements or betterments, in which event the cash so deposited by the Company shall be applied, at the written request of the Company signed by its President or a Vice-President, for the purposes and in the manner provided by subdivisions (a) and (b) of Section 3 of this Article and the property against which the cash was originally withdrawn or the credit taken may be used as a basis for the authentication of bonds.

ARTICLE SIXTH.

*Maintenance and Depreciation Fund.*

The Company shall establish a fund, to be known as the Maintenance and Depreciation Fund, and for that purpose will pay to the Trustee on September 1, 1926, and annually thereafter on September 1, a sum in cash equivalent to the aggregate of ten and one-half (10½) per centum of the gross operating revenue of the Company derived from its electric operation, seven and one-half (7½) per centum of the gross operating revenue derived from its gas operation and twenty-five (25) per centum of the gross operating revenue derived from its railway operation during the twelve calendar months ending on June 30 of the same year, less: