

(a) A credit on account of said sum equivalent in amount to any payments made during the year ending June 30th next preceding September 1st in the calendar year to any maintenance or depreciation fund provided for by the terms of any mortgage covering any property of the Company prior in lien to this mortgage, but no sinking, improvement, betterment, extension or analogous fund provided for by the terms of any such prior mortgage or of this Mortgage shall be construed as being a fund by reason of which the Company shall be entitled to any such credit; and

(b) A credit on account of said sum equivalent to the cost during such period of maintenance, repairs, renewals and replacements of or to the property of the Company subject to the lien of this Mortgage; and

(c) A credit on account of said sum equivalent to the cost during such period of additions, extensions, improvements and betterments to the property of the Company subject to the lien of this Mortgage.

No part of any expenditures for maintenance, repairs, renewals and replacements, or for additions, extensions, improvements and betterments, shall be included in the above credits if the Company shall have been reimbursed therefor out of the Maintenance and Depreciation Fund hereunder or in any other way under this Mortgage or under the provisions of any mortgage covering any property of the Company prior in lien to this Mortgage, or if such expenditures shall have been made the basis for the authentication of bonds or the withdrawal of cash hereunder.

The Company need claim no greater credit under the provisions of (c) above than will be sufficient to make the total of (a), (b) and (c) equal to the aggregate sum 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 for the period of the computation.

The Company shall deliver to the Trustee, on the date herein fixed for the annual payment to the Maintenance and Depreciation Fund, a certificate signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company, stating:

(a) The amount of the gross operating revenue of the Company for the twelve months period ending June 30th next preceding the date fixed for the payment to such fund, separately stating the revenue derived from electric, gas and railway operation;

(b) The amount of the payment to any maintenance or depreciation fund provided for by the terms of any mortgage covering any property of the Company prior to the lien of this Mortgage;

(c) The amount expended for maintenance, repairs, renewals and replacements of or made to the property of the Company covered by this Mortgage during the period for which the Company claims a credit, stated in reasonable detail;

(d) The amount expended for additions, extensions, improvements and betterments to the property of the Company covered by this Mortgage during the period for which the Company claims a credit, stated in reasonable detail;

(e) That no part of the expenditures for which credit is claimed has been reimbursed out of the Maintenance and Depreciation Fund hereunder or in any other way under this Mortgage or under the provisions of any mortgage covering any property of the Company prior in lien to this Mortgage, nor has been used as the basis for the authentication of bonds or the withdrawal of cash hereunder.

The moneys in the Maintenance and Depreciation Fund shall be held by the Trustee and from time to time paid out by it, to or upon the written order of the President or a Vice-President of the Company, for any of the following purposes:

(1) To reimburse the Company for any expenditures made or liabilities incurred by it for maintenance, repairs, renewals and replacements of or to any property of the Company then subject to the lien of this Mortgage;

(2) It shall be paid to the Company under the restrictions, in the manner and to the extent provided by subdivision (a) of Section 3 of Article Fifth hereof;

(3) To purchase or redeem any of the bonds of any series issued hereunder, as provided by Article Fourth of this Mortgage, or to purchase any bonds issued under and secured by any mortgage covering any property of the Company prior to the lien of this Mortgage. Any bonds so purchased, other than bonds issued hereunder, shall be pledged with the Trustee hereunder and shall be held by it under and pursuant to the terms of Section 7 of Article Second hereof, but no bonds secured hereby shall be issued on account of such pledge;

(4) For investment in such United States Government securities as shall be designated by the Company, as provided in Section 6 of Article Second of this Mortgage, the proceeds thereof to be used by the Company in the manner and for the purposes provided by subdivisions (1), (2) and (3) preceding.

Before any payment shall be made by the Trustee to the Company under any of the preceding subdivisions (1), (2) and (3) there shall be delivered to the Trustee a certified copy of a resolution of the Board of Directors of the Company calling for such payment and setting forth the purposes for which the money is to be used. If the payment of money is requested for the purpose mentioned in subdivision (1), there shall also be delivered a certificate, signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company, setting forth the amount of money expended or liabilities incurred by the Company for the maintenance, repairs, renewals and replacements for which the Company desires to be reimbursed, describing such work in reasonable detail and stating that none of such expenditures or liabilities have been included in any previous certificate or have been paid out of the Maintenance and Depreciation Fund provided for by this Mortgage or have been reimbursed to the Company under any provision of any mortgage covering any property of the Company prior in lien to this Mortgage.

The resolutions, orders and certificates provided for in this Article may be accepted by the Trustee as conclusive evidence of the facts therein referred to and, without inquiry by it, shall be deemed to be full authority and protection to it for the payment by it of any moneys in the Maintenance and Depreciation Fund on the faith thereof.

The Company may at any time deposit to the credit of this fund 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 repaid to the Company in accordance with the provisions 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.

The percentages specified in this Section and any other percentages fixed in lieu thereof as hereinafter provided may be readjusted at intervals of not less than five (5) years by agreement between the Company and the Trustee, or, in case they are unable to agree, by arbitration as hereinafter provided, and other percentages fixed, which the Company agrees shall be effective and binding upon it during the succeeding period of five years and thereafter until again readjusted as provided in this Section. The readjustment of any such percentage may be initiated by the Company or the Trustee during the fifth year of any such five year period. It shall be the duty of the Trustee to initiate the readjustment of any such percentage upon being requested in writing by the holders of ten (10) per centum in principal amount of the bonds then outstanding hereunder. The report and opinion of an independent engineer appointed by the Board of Directors of the Company and satisfactory to the Trustee in respect of any such readjustment shall be full warrant, authority, and protection for any action taken or omitted by the Trustee in reliance thereon. In case the Company and the Trustee are unable to agree upon the readjustment of any such percentage within six (6) months after the same shall have been initiated, the matter shall be submitted to the arbitration of three disinterested and competent persons selected in the following manner:

Either the Company or the Trustee shall in writing name its representative upon the board of arbitration and notify the other party. It shall be the duty of the Trustee so to do upon being requested in writing by the holders of ten (10) per centum in principal amount of the bonds then outstanding hereunder. Within ten days after the receipt of such notice the other party (that is to say, the Company or the Trustee, as the case may be) shall name its representative and give written notice of such selection, failure to do which shall entitle the other party to name such second arbitrator. The two thus selected shall thereupon select a third arbitrator. When such third arbitrator shall have been appointed a majority of the board of arbitration shall have power to decide the questions submitted to it, and in so doing may consider any facts whatsoever deemed by them to be pertinent. The decision of a majority of the board of arbitration shall be final. Any vacancy in the board of arbitration shall be filled in the manner of the original appointment of the arbitrator whose place shall have become vacant. Any expenses incurred shall be paid by the Company.

ARTICLE SEVENTH.

Release of Property.

Section 1. *Sale or Exchange of Property Without Consent of Trustee.*

The Company may, without the consent of the Trustee, at any time sell or dispose of, free from the lien hereof, any and all manufactured commodities acquired by it for sale or lease in the ordinary course of business, and any machinery, tools, implements, material or moveable prop-