

securing indebtedness in excess of seventy-five per cent (75%) of the actual cash expenditures made therefor, including such indebtedness, or of the fair value thereof, whichever shall be the smaller, it will within a reasonable time cause such indebtedness in excess of such percentage to be discharged or will offset such part of such indebtedness as shall exceed such percentage by appropriating to such excess net bondable expenditures in an aggregate amount equal to one hundred thirty-three and one-third per cent ($133\frac{1}{3}\%$) of such excess, such appropriation to be evidenced by resolution of the board of directors of the Company, certified copy whereof shall be deposited with the Trustee, together with all certificates, opinions, and other instruments necessary under the provisions of article five of this indenture to constitute such expenditures bases for the authentication of bonds hereunder not including certified copies of resolutions, orders, opinions and receipts pertinent to the issuance of bonds on account of such expenditures; or will cause bonds issued hereunder or underlying bonds in aggregate principal amount not less than the amount of such excess to be retired, which bonds shall not be refundable hereunder.

SECTION 7.11. The Company covenants that proper books of record and account will be kept in which full, true and correct entries will be made of all dealings or transactions of or in relation to the plants, properties, business and affairs of the Company, and that it will:

(a) At least once in each six (6) months' period furnish to the Trustee a statement in reasonable detail showing the earnings, expenses and financial condition of the Company, signed and sworn to by the president and the treasurer of the Company;

(b) From time to time furnish to the Trustee such data as to the plants, properties and equipment of the Company as the Trustee shall reasonably request;

(c) Once in each calendar year, furnish to the Trustee an audit made by certified public accountants satisfactory to the Trustee covering the operations of the Company for twelve (12) calendar months' period ending not more than ninety (90) days prior to the date on which such audit is furnished, and showing the earnings and expenses for such twelve (12) months, and the assets, liabilities and financial condition of the Company, including an analysis of its surplus account, at the end of such period.

The accountants making the successive audits in this section provided for shall in and by each audit state whether it appears to such accountants from examination of the pertinent books and records that compliance has been had during the period covered by such audit with the covenants and conditions of this indenture in respect of the issuance of bonds hereunder during such period and with the provisions of section 7.10 hereof; and if in any such audit it shall be stated that it appears from such examination that bonds have been issued during such period under any of the provisions hereof in excess of the amount properly issuable, or if the provisions of section 7.10 hereof have not been fully observed and performed, the Trustee shall refuse to authenticate further bonds unless and until by the appropriation of additional bondable expenditures as herein provided or by the retirement of bonds the condition thus found shall have been rectified, the Trustee shall be protected in relying upon an opinion of counsel, but may demand a supplemental audit made by such accountants.

The Company further covenants that its plants and properties and all books, documents and vouchers relating to the plants, properties, business and affairs of the Company shall at all times be open to the inspection of such accountants, engineers or other agents or experts as the Trustee may from time to time designate; but the Trustee shall have no duty to make any such inspection.

SECTION 7.12. The Company covenants that it will cause this indenture and all indentures supplemental hereto to be recorded and filed and re-recorded and refiled in such manner and in such places and at such times as may be required by law in order fully to preserve and protect the security of the bondholders and the rights of the Trustees, and each of them.

SECTION 7.13. The Company covenants that it will at all times keep insured such of its plants, buildings, stations, machinery, equipment and apparatus as are usually insured by companies operating like properties to the reasonable insurable value thereof against destruction or damage by fire or other accident or hazard against which insurance is usually carried by companies operating like properties in the same region; that all policies for such insurance shall be so drawn as to make losses thereunder payable to the Trustees hereunder as their interest may appear; provided, however, that if any property so insured is covered by any mortgage or other instrument the lien of which on such property shall be prior to that of this indenture, the losses under the policies for such insurance, until final satisfaction and release of such prior mortgage or other instrument, may be made payable to and such policies may be deposited with the mortgagee or trustee under such prior mortgage or other instrument, it being hereby stipulated and agreed that upon the satisfaction and release of such prior mortgage or other instrument any insurance moneys then in the hands of the mortgagee or trustee thereunder shall forthwith be paid over to the Trustee hereunder. In the case of any loss covered by any policy of insurance, any appraisal or adjustment of such loss and settlement and payment of indemnity therefor which shall be agreed upon between the insured and the insurance company and which shall be approved in writing by some person appointed by the insured and approved by the Trustee hereunder shall, upon the written request of the insured, be consented to by the Trustees.