

MORTGAGE OF REAL ESTATE

to the provisions of Section 37 hereof, and except to the extent that any such Property Additions shall no longer be deemed to be Funded Property in accordance with the provisions of Section 61 hereof or clause (d) of this Section;

(6) all Property Additions to the extent that the same shall have been made the basis of a credit under clause (7), clause (b) or clause (ii) of subsection (II) of Section 38 hereof; and

(7) all Property Additions to the extent that the same shall have been made the basis of a credit under the provisions of Section 39 hereof.

In the event that in any certificate filed with the Corporate Trustee in connection with any of the transactions referred to in clauses (2), (3), (5), (6) and (7) of this Section only a percentage of the Cost or Fair Value of the Property Additions described in such certificate shall be required for the purposes of such certificate, then such Property Additions shall be deemed to be Funded Property only to the extent so required for the purpose of such certificate.

All Funded Property that shall be retired on the books of the Company from plant account or abandoned, destroyed or released or otherwise disposed of free of the Lien of this Indenture shall for the purpose of Section 4 hereof be deemed Funded Property retired and for other purposes of this Indenture shall thereupon cease to be Funded Property but may at any time thereafter again become Funded Property.

The term "Funded Cash" shall mean:

(a) cash, held by the Corporate Trustee hereunder or by the trustee or other holder of a Prior Lien as hereinafter defined, to the extent that it represents the proceeds of insurance on or the release of or the taking by eminent domain of property, or the proceeds of property purchased by any governmental body or agency or its designee upon exercise of any right which it may have to purchase the same or designate a purchaser thereof, or the proceeds of the release of obligations secured by purchase money mortgage which obligations have been delivered to the Corporate Trustee or to the trustee or other holder of a Prior Lien pursuant to Article XI hereof, or the proceeds of payment to the Corporate Trustee or to such other trustee or holder on account of the principal of obligations secured by purchase money mortgage which obligations have been delivered to it pursuant to Article XI hereof; provided, however, that the provisions of this clause (a) shall be subject to the provisions of Section 61 hereof;

(b) cash held at any time in any sinking or improvement fund or other similar device for the retirement of bonds (other than cash deposited under the provisions of Section 64 hereof, which cash shall be governed by clause (d) of this Section) of one or more series issued hereunder, but when all bonds of such one or more series shall have ceased to be Outstanding hereunder, such cash shall no longer be deemed to be or to have been Funded Cash;

(c) any cash deposited with the Corporate Trustee under Sections 30, 38, 39, 40, 46 and/or 58 hereof; and

(d) any cash deposited with the Corporate Trustee under the provisions of Section 64 hereof, including cash deposited with the Corporate Trustee solely by reason of the Company's obligation under Section 64 to replace an equivalent amount of cash theretofore withdrawn from the Corporate Trustee on the basis of Property Additions or on the basis of the waiver of a right to the authentication and delivery of bonds under Section 26 or Section 29 hereof; provided, however, that from and after the making of such deposit of cash with the Corporate Trustee solely by reason of the Company's obligation under Section 64 as aforesaid, and after the Company has irrevocably directed the Corporate Trustee to apply such cash to the retirement of bonds pursuant to said Section 64, (i) any Property Additions so made the basis of such withdrawal of cash shall no longer be deemed to be Funded Property, and (ii) any waiver of the right to the authentication and delivery of bonds so made the basis of such withdrawal of cash shall be revoked and cease to be effective and shall no longer be deemed to have been made.

SECTION 6. The term "Excepted Encumbrances" shall mean as of any particular time any of the following:

(a) liens for taxes, assessments or governmental charges not then delinquent and liens for workmen's compensation awards and similar obligations not then delinquent and undetermined liens or charges incidental to construction, and liens for taxes, assessments or governmental charges then delinquent but the validity of which is being contested at the time by the Company in good faith as provided in Section 36 hereof;

(b) any liens securing indebtedness, neither assumed nor guaranteed by the Company nor on which it customarily pays interest, existing upon real estate or rights in or relating to real estate acquired by the Company for substation, transmission line, transportation line, distribution line or right of way purposes;

(c) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to terminate such right, power, franchise, grant, license or permit or to purchase or recapture or to designate a purchaser of any of the property of the Company;

(d) rights reserved to or vested in others to take or receive any part of the power or gas developed or generated by any property of the Company;

(e) easements, restrictions, exceptions or reservations in any property of the Company for the purpose of roads, pipe lines, transmission lines, transportation lines, removal of coal