

The Company may credit against Payments on Stock of the character of purchases, redemptions and retirements of capital stock of the Company the net cash consideration received upon the sale subsequent to June 1, 1951 of additional capital stock of any class of the Company, and in the case of exchanges of capital stock of the Company for other capital stock of the Company, the capital stock retired through exchanges need not be considered a Payment on Stock except to the extent that any distribution of cash or property (other than capital stock of the Company) is involved.

For the purpose of this Section the "total capitalization of the Company" shall consist of the sum of the principal amount of Bonds and other funded debt at the time outstanding (including prior lien debt other than permitted liens), and the principal amount of the Interim Notes at the time outstanding, and the total capital represented by the capital stock of the Company at the time outstanding, based, in the case of stock having par value, upon its par value and, in the case of stock having no par value, the value stated on the books of the Company, plus the total amount of surplus of the Company, whether earned, paid in or capital, less the amount of any net deficit in the Company's surplus accounts, and plus the amount of any premium on capital stock not included in surplus; provided, however, that in determining the surplus of the Company no effect shall be given to any unrealized write-up or write-down in the value of assets or any amortization thereof, except for reserves for depreciation, depletion, amortization and property retirement which shall have been created by charges made by the Company on its books which charges, for the purpose of this computation, shall be not less than the minimum provision for depreciation for such period.

The Company covenants that, so long as Bonds of the 1976 Series are outstanding, it will not, directly or indirectly, reclassify or otherwise convert, by purchase or otherwise, any of its common stock into stock preferred over common stock as to dividends.

The Company covenants that, so long as any of the Bonds of the 1976 Series are outstanding, it will not, directly or indirectly, purchase or redeem or pay in cash any Interim Notes of the Company, except

per centum (100%) of the net earnings of the Company for such period, taken as one accounting period.

(b) The aggregate principal amount of all outstanding indebtedness of the Company maturing more than one year after the date in question (in this § 5.14 called "funded debt" of the Company), other than Interim Notes or other indebtedness of the Company payable at the election of the Company by the delivery of capital stock, will be less than 70% of the total capitalization of the Company.

(c) The aggregate amount of (i), (ii) and (iii):

(i) all Payments on Stock made during such period, plus

(ii) all interest paid or accrued by the Company during such period (other than interest capitalized as a cost of construction), plus

(iii) the aggregate principal amount of all funded debt required to be retired by the Company during such period under the provisions of any sinking, purchase or analogous fund relating to such funded debt (including serial maturities other than the final maturity),

will not be greater than

(iv) the aggregate amount of the net earnings available for interest and depreciation during such period, after deducting all income, excess profits and other taxes for such period to the extent not otherwise deducted in the computation of such net earnings available for interest and depreciation.

(3) The Company may declare and pay dividends payable solely in capital stock of the Company or make other distributions in respect of capital stock of the Company if such distributions are made solely in capital stock of the Company.

(4) The Company may make exchanges of capital stock of the Company for other capital stock of the Company, provided that any consideration other than capital stock of the Company given in connection with such exchanges shall be deemed to be Payments on Stock.