

*provided; however, that whether the Accounting Rules at the time in effect so provide or not,*

(i) donations and grants in connection with the construction or acquisition of property the cost of which is properly chargeable to Capital Account 731 or 737 shall be excluded from subparagraph (1) hereof; and

(ii) if the Company shall after December 31, 1970 acquire any property, amounts in respect of which are includible in subparagraph (1) hereof, which is subject to Prior Liens, the aggregate principal amount of the Prior Lien Securities secured thereby (but not including Prior Lien Securities secured by Prior Liens which were Prior Liens before such acquisition on any part of the property subject to the lien of this Indenture), existing at the time of such acquisition, whether or not assumed by the Company, shall be included in subparagraph (1) hereof; but if such Prior Liens constitute a lien on other property as well as on Bondable Additions amounts in respect of which are includible in subparagraph (1) hereof, there shall be included in subparagraph (1) hereof only that proportion of such aggregate principal amount of such Prior Lien Securities which equals the ratio of the fair value of such Bondable Additions subject to such lien to the fair value of all property subject to such lien, as determined by the Board of Directors;

and provided further that the amounts includible in subparagraph (1) hereof shall be appropriately adjusted by the debits or credits, as the case may be, required to be made to Capital Account 731.

The word "Bonded", when used with reference to

(1) property, securities (other than Prior Lien Securities or securities acquired in substitution therefor), Bonds and Bondable Expenditures, shall mean that such property, securities, Bonds or Bondable Expenditures have been made the basis by the Company for

(a) the authentication and delivery of any Bonds,

(b) the release of any property from the lien of this Indenture or from the lien of any Prior Lien Indenture,

(c) the withdrawal, payment or application of any Deposited Cash or any cash deposited with the trustee or mortgagee of any