

Gulf Power Company
75 North Pace Boulevard
Post Office Box 1151
Pensacola, Florida 32520
Telephone 904-434-8111

11916

0-170A039

RECORDATION NO. Filed 1425

No. JUN 18 1980 JUN 18 1980-1 30 PM

Date

Fee \$ 270.00 INTERSTATE COMMERCE COMMISSION

ICC Washington, D. C.



the southern electric system.

11916

RECORDATION NO. Filed 1425

JUN 18 1980-1 30 PM

INTERSTATE COMMERCE COMMISSION

Please Address Reply to
Southern Company Services, Inc.
64 Perimeter Center East
Atlanta, Georgia 30346

June 16, 1980

Secretary
Interstate Commerce Commission
12th Streets and Constitution Avenue, N.W.
Washington, D. C. 20423

Dear Mr. Secretary:

Enclosed for recording with the Commission pursuant to the provisions of the Interstate Commerce Act contained in 49 U.S.C. Section 11303 are one original counterpart and two certified true copies of:

- (A) the Indenture, dated as of September 1, 1941;
- (B) the Supplemental Indenture, dated as of April 1, 1944;
- (C) the Supplemental Indenture, dated as of April 1, 1948;
- (D) the Supplemental Indenture, dated as of April 1, 1949;
- (E) the Supplemental Indenture, dated as of July 1, 1952;
- (F) the Supplemental Indenture, dated as of June 1, 1953;
- (G) the Supplemental Indenture, dated as of July 1, 1954;
- (H) the Supplemental Indenture, dated as of February 1, 1958;
- (I) the Supplemental Indenture, dated as of April 1, 1959;
- (J) the Supplemental Indenture, dated as of July 1, 1960;
- (K) the Supplemental Indenture, dated as of October 1, 1964;
- (L) the Supplemental Indenture, dated as of June 1, 1966;
- (M) the Supplemental Indenture, dated as of March 1, 1969;
- (N) the Supplemental Indenture, dated as of July 1, 1970;
- (O) the Supplemental Indenture, dated as of October 1, 1971;
- (P) the Supplemental Indenture, dated as of May 1, 1972;
- (Q) the Supplemental Indenture, dated as of May 1, 1973;
- (R) the Supplemental Indenture, dated as of December 1, 1974;
- (S) the Supplemental Indenture, dated as of May 1, 1976;
- (T) the Supplemental Indenture, dated as of October 1, 1976;
- (U) the Supplemental Indenture, dated as of March 1, 1977;
- (V) the Supplemental Indenture, dated as of September 1, 1978;
- (W) the Supplemental Indenture, dated as of May 1, 1979;
- (X) the Supplemental Indenture, dated as of February 1, 1980;

RECEIVED

JUN 18 1 26 PM '80

REC'D
I.C.C.

all from Gulf Power Company to The Chase Manhattan Bank (National Association) and the Citizens and Peoples National Bank of Pensacola, as Trustees. Also enclosed is a check in the amount of \$270.00 in payment of the recording fees.

Pursuant to Part 1116 of the Regulations of the Commission under the above-mentioned Act, we provide you with the following information:

1. The names and addresses of the parties to the transaction are:

- (a) the issuer of the secured obligations:

Gulf Power Company
75 North Pace Boulevard
P. O. Box 1151
Pensacola, Florida 32520

- (b) the Trustees:

The Chase Manhattan Bank (National Association)
One New York Plaza
New York, New York 10015

and:

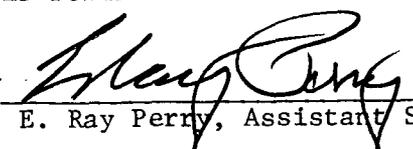
The Citizens and Peoples National Bank of Pensacola
213 South Palafox Street
Pensacola, Florida 32502

2. The equipment covered by the documents to be recorded consists of 230 railroad cars, AAR mechanical designation - HT, numbered DEGX 80230-80459, inclusive, for delivery of coal to the Victor J. Daniel, Jr. Electric Generating Plant.

Please acknowledge the recording of the enclosed documents by returning the original counterparts, with the recording information stamped thereon, to the undersigned, c/o Southern Company Services, Inc., 64 Perimeter Center East, P. O. Box 720071, Atlanta, Georgia 30346.

Sincerely,

GULF POWER COMPANY

BY 
E. Ray Perry, Assistant Secretary

444 393 0650

Interstate Commerce Commission
Washington, D.C. 20423

6/19/80

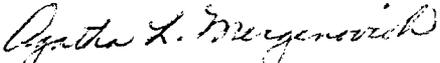
OFFICE OF THE SECRETARY

E Ray Perry
Assistant Secretary
c/o Southern Company Services, Inc.
64 Perimeter Center East
P.O.Box 720071
Atlanta, Georgia 30346

Dear Sir:

The enclosed document (s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/18/80 at 1:30pm , and assigned re-
recording number (s). 11916 -11916-A-W

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure (s)

11916

RECORDATION NO. _____ Filed 1426

JUN 18 1980 1 20 PM

INTERSTATE COMMERCE COMMISSION

COUNTERPART No 3.

Executed Counterpart

~~4~~

Indenture

GULF POWER COMPANY

TO

THE CHASE NATIONAL BANK OF THE CITY OF
NEW YORK

AND

THE CITIZENS & PEOPLES NATIONAL BANK
OF PENSACOLA

As Trustees.

Dated as of September 1, 1941.

INDENTURE, dated as of the first day of September, 1941, made and entered into by and between GULF POWER COMPANY, a corporation organized and existing under the laws of the State of Maine (hereinafter commonly referred to as the "Company"), and THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK, a corporation organized and existing under the laws of the United States of America, with its principal office in the Borough of Manhattan, The City of New York, as trustee (hereinafter commonly referred to as the "Trustee"), and THE CITIZENS & PEOPLES NATIONAL BANK OF PENSACOLA, a corporation organized and existing under the laws of the United States of America, with its principal office in the City of Pensacola, Florida, as trustee (hereinafter commonly referred to as the "Co-Trustee"), the Trustee and the Co-Trustee being hereinafter commonly referred to as the "Trustees",

WHEREAS the Company owns and possesses the property hereinafter described, together with certain franchises, permits, rights and privileges, and has legal authority to make and execute this indenture of mortgage or deed of trust upon all such property, franchises, permits, rights and privileges, and to issue its bonds as herein provided; and

WHEREAS the Company desires to provide funds for its corporate purposes and to that end, pursuant to votes or resolutions regularly adopted by its Board of Directors and stockholders at meetings duly called and held, has duly determined to borrow money and for that purpose to issue its bonds under and secured by this indenture of mortgage or deed of trust (hereinafter sometimes referred to as the "Indenture") on the properties of the Company, as hereinafter provided, said bonds to be issued from time to time, without limit as to the aggregate principal amount thereof, in one or more series commencing with \$5,600,000 principal amount of 3 $\frac{1}{8}$ % Series due 1971 (hereinafter sometimes referred to as the "1971 Series"), but subject to the restrictions and provisions contained in this Indenture with respect thereto, the bonds of each series to be in coupon form with

interest coupons attached (hereinafter sometimes referred to as "coupon bonds"), and, at the option of the Company, in fully registered form without coupons (hereinafter sometimes referred to as "registered bonds") and (except the bonds of 1971 Series which shall be substantially as hereinafter provided) to bear such date, to be payable on such date, or, in case of serial maturities, on such dates, and at such place or places, to bear interest at such rate or rates, payable at such time or times and at such place or places, to bear such designation or title herein provided for, and to contain such provisions, if any, with respect to tax exemptions, tax reimbursements, redemption, sinking fund, conversion into stock or other securities of the Company, limitations as to aggregate principal amount of bonds of such series issuable and other characteristics not in conflict with the terms of this Indenture as the Board of Directors shall determine with respect to each successive series prior to the authentication of any bonds thereof; and

WHEREAS each of the coupon bonds of 1971 Series is to be substantially in the following form, to-wit:

[FORM OF COUPON BOND OF 1971 SERIES]

GULF POWER COMPANY

FIRST MORTGAGE BOND, 3 $\frac{1}{8}$ % SERIES DUE 1971.

No. \$1000

Gulf Power Company, a Maine corporation (hereinafter called the "Company"), for value received, hereby promises to pay to the bearer or, if this bond is registered as to principal, then to the registered owner hereof, the principal sum of One Thousand Dollars on the first day of September, 1971, and to pay interest thereon from September 1, 1941, at the rate, until the principal hereof shall have become due and payable, of three and one-eighth per centum per annum, payable on the first day of March and the first day of September in each year. The installments of such interest falling due on or prior to the maturity of this bond shall be paid only in accordance with and upon presentation and surrender of the annexed coupons as they severally become

due. The principal of and the premium, if any, and interest on this bond shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, designated for that purpose, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

This bond is one of the bonds issued and to be issued from time to time under and in accordance with and all secured by an indenture of mortgage or deed of trust (hereinafter referred to as the "Indenture") dated as of September 1, 1941, given by the Company to The Chase National Bank of the City of New York (hereinafter sometimes referred to as the "Trustee") and The Citizens & Peoples National Bank of Pensacola, as Trustees, to which Indenture and indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security and the rights, duties and immunities thereunder of the Trustees and the rights of the holders of said bonds and of the Trustees and of the Company in respect of such security, and the limitations on such rights. By the terms of the Indenture the bonds to be secured thereby are issuable in series which may vary as to date, amount, date of maturity, rate of interest and in other respects as in the Indenture provided.

Upon notice published at least once in each of four consecutive calendar weeks, upon any day in each such week, the first publication to be at least thirty days and not more than forty-five days prior to the date fixed for redemption, in one daily newspaper printed in the English language and of general circulation in the Borough of Manhattan, The City of New York (provided that publication of such notice shall not be required in case all the bonds to be redeemed are registered bonds without coupons and/or coupon bonds registered as to principal and the Company or the Trustee shall have mailed, by registered mail postage prepaid, notice of redemption not less than thirty nor more than forty-five days prior to the date fixed for redemption to each registered holder of a bond to be redeemed (in whole or in part) at the last address of such holder appearing on the registry books), any or all of the bonds of $3\frac{1}{8}\%$ Series due 1971, of which this is one, may be redeemed by the Company, at its option, or by operation of various provisions of the Indenture, at any time and from time to time by the payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, together with a premium equal to a

percentage of the principal amount thereof determined as set forth in the tabulation below under the heading "Redemption Premium":

Year	Redemption Premium (if redeemed prior to September 1 of the calendar year stated and subsequent to the last day of August of the calendar year next preceding such year)
1942.....	6 $\frac{1}{8}$ %
1943.....	6 $\frac{1}{8}$ %
1944.....	6 $\frac{1}{8}$ %
1945.....	6 %
1946.....	5 $\frac{3}{4}$ %
1947.....	5 $\frac{5}{8}$ %
1948.....	5 $\frac{1}{2}$ %
1949.....	5 $\frac{3}{8}$ %
1950.....	5 $\frac{1}{8}$ %
1951.....	5 %
1952.....	4 $\frac{7}{8}$ %
1953.....	4 $\frac{5}{8}$ %
1954.....	4 $\frac{1}{2}$ %
1955.....	4 $\frac{1}{4}$ %
1956.....	4 $\frac{1}{8}$ %
1957.....	3 $\frac{1}{4}$ %
1958.....	3 $\frac{1}{8}$ %
1959.....	2 $\frac{7}{8}$ %
1960.....	2 $\frac{3}{4}$ %
1961.....	2 $\frac{1}{2}$ %
1962.....	2 $\frac{3}{8}$ %
1963.....	2 $\frac{1}{8}$ %
1964.....	1 $\frac{7}{8}$ %
1965.....	1 $\frac{3}{4}$ %
1966.....	1 $\frac{1}{2}$ %
1967.....	1 $\frac{1}{4}$ %
1968.....	1 %

and without premium if redeemed on or after September 1, 1968.

In case of certain defaults as specified in the Indenture, the principal of this bond may be declared or may become due and payable on the conditions, at the time, in the manner and with the effect provided in the Indenture.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this bond, or for any claim based hereon, or otherwise in respect hereof or of the Indenture, to or against any incorporator, stockholder, director or officer, past, present or future, as such, of the Company, or of any predecessor or successor company, either directly or through the Company, or such predecessor or successor company, under any constitution or statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, stockholders, directors and officers, as such, being waived and released by the holder and owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Indenture.

This bond shall be transferable by delivery unless registered as to principal in the holder's name at the principal trust office of the Trustee, in the Borough of Manhattan, The City of New York, on registry books to be kept for the purpose at such place, such registration being noted hereon as provided in the Indenture. After such registration no further transfer of this bond shall be valid unless made on said books by the registered owner in person or by attorney duly authorized, and similarly noted hereon; but this bond may be discharged from registry by being in like manner transferred to bearer, whereupon transferability by delivery shall be restored; and this bond may again and from time to time be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the annexed coupons which shall always be transferable by delivery and be payable to bearer. No charge shall be made to the holder hereof for any such registration or discharge from registration, except such amount as may be necessary to cover any stamp tax or other governmental charge. The Company and the Trustees may deem and treat the bearer of this bond, or, if this bond is registered as to principal as herein authorized, the person in whose name the same is registered, and the holder of any coupon hereto appertaining, as the absolute owner for the purpose of receiving payment and for all other purposes. Coupon bonds and registered bonds without coupons of this series are interchangeable in the manner and upon the conditions prescribed in the Indenture. Neither this bond nor any interest coupon appertaining hereto shall be valid or become obligatory for any purpose unless and until this bond shall have been authenticated by the execution by the Trustee or its successor in trust under the Indenture of the certificate endorsed hereon.

IN WITNESS WHEREOF, Gulf Power Company has caused this bond to be executed in its name by its President or one of its Vice-Presidents, and its corporate seal or a facsimile thereof to be affixed hereto or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries, and has caused the coupons hereto annexed to be authenticated by a facsimile signature of its Treasurer.

Dated, September 1, 1941.

GULF POWER COMPANY,

By
Vice-President.

ATTEST:

.....
Assistant Secretary.

AND WHEREAS, each coupon to be attached to the coupon bonds of 1971 Series is to be substantially in the following form, to-wit:

[FORM OF COUPON]

\$.....

On the first day of _____, 19____, Gulf Power Company will pay to bearer, upon the surrender of this coupon, at its office or agency in the Borough of Manhattan, The City of New York, Dollars and Cents in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, being six months' interest then due on its First Mortgage Bond, 3 1/8% Series due 1971, No. This coupon shall be treated as negotiable. It will not be payable if said bond shall have been called for previous redemption and provision duly made for payment of the redemption price thereof.

.....
Treasurer.

The amount to be inserted in coupons due on March 1 in each year shall be Fifteen Dollars and Sixty-three Cents (\$15.63); the amount to be inserted in coupons due on September 1 in each year shall be Fifteen Dollars and Sixty-two Cents (\$15.62).

AND WHEREAS each of the registered bonds of 1971 Series is to be substantially in the following form, to-wit:

[FORM OF REGISTERED BOND OF 1971 SERIES]

GULF POWER COMPANY

FIRST MORTGAGE BOND, 3 $\frac{1}{8}$ % SERIES DUE 1971

No. \$.....

Gulf Power Company, a Maine corporation (hereinafter called the "Company"), for value received, hereby promises to pay to, or registered assigns, the principal sum of Dollars on the first day of September, 1971, and to pay to the registered holder interest on said sum from the date hereof, at the rate, until the principal hereof shall have become due and payable, of three and one-eighth per centum per annum, payable on the first day of March and the first day of September in each year. The principal of and the premium, if any, and interest on this bond shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, designated for that purpose, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

This bond is one of the bonds issued and to be issued from time to time under and in accordance with and all secured by an indenture of mortgage or deed of trust (hereinafter referred to as the "Indenture") dated as of September 1, 1941, given by the Company to The Chase National Bank of the City of New York (hereinafter sometimes referred to as the "Trustee") and The Citizens & Peoples National Bank of Pensacola, as Trustees, to which Indenture and indentures supplemental thereto reference is hereby made for a description of the property mortgaged and pledged, the nature and extent of the security and the rights, duties and immunities thereunder of the Trustees and the rights of the holders of said bonds and of the Trustees and of the Company in respect of such security, and the limitations on such rights. By the terms of the Indenture the bonds to be secured thereby are issuable in series which may vary as to date, amount, date of maturity, rate of interest and in other respects as in the Indenture provided.

Upon notice published at least once in each of four consecutive calendar weeks, upon any day in each such week, the first publication to be at least thirty days and not more than forty-five days prior to the date fixed for redemption, in one daily newspaper printed in the English language and of general circulation in the Borough of Manhattan, The City of New York (provided that publication of such notice shall not be required in case all the bonds to be redeemed are registered bonds without coupons and/or coupon bonds registered as to principal and the Company or the Trustee shall have mailed, by registered mail postage prepaid, notice of redemption not less than thirty nor more than forty-five days prior to the date fixed for redemption to each registered holder of a bond to be redeemed (in whole or in part) at the last address of such holder appearing on the registry books), any or all of the bonds of $3\frac{1}{8}\%$ Series due 1971, of which this is one, may be redeemed by the Company, at its option, or by operation of various provisions of the Indenture, at any time and from time to time by the payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, together with a premium equal to a percentage of the principal amount thereof determined as set forth in the tabulation below under the heading "Redemption Premium":

Year	Redemption Premium (if redeemed prior to September 1 of the calendar year stated and subsequent to the last day of August of the calendar year next preceding such year)
1942.....	$6\frac{1}{8}\%$
1943.....	$6\frac{1}{8}\%$
1944.....	$6\frac{1}{8}\%$
1945.....	6 %
1946.....	$5\frac{3}{4}\%$
1947.....	$5\frac{5}{8}\%$
1948.....	$5\frac{1}{2}\%$
1949.....	$5\frac{3}{8}\%$
1950.....	$5\frac{1}{8}\%$
1951.....	5 %
1952.....	$4\frac{7}{8}\%$
1953.....	$4\frac{5}{8}\%$

Year	Redemption Premium (if redeemed prior to September 1 of the calendar year stated and subsequent to the last day of August of the calendar year next preceding such year)
1954.....	41½%
1955.....	41¼%
1956.....	41⁄8%
1957.....	31¼%
1958.....	31⁄8%
1959.....	27⁄8%
1960.....	2¾%
1961.....	21½%
1962.....	2¾%
1963.....	21⁄8%
1964.....	17⁄8%
1965.....	1¾%
1966.....	11½%
1967.....	11¼%
1968.....	1 %

and without premium if redeemed on or after September 1, 1968.

In case of certain defaults as specified in the Indenture, the principal of this bond may be declared or may become due and payable on the conditions, at the time, in the manner and with the effect provided in the Indenture.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this bond, or for any claim based hereon, or otherwise in respect hereof or of the Indenture, to or against any incorporator, stockholder, director or officer, past, present or future, as such, of the Company, or of any predecessor or successor company, either directly or through the Company, or such predecessor or successor company, under any constitution or statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, stockholders, directors and officers, as such, being waived and released by the holder and owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Indenture.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized, at the principal trust office of the Trustee, in the Borough of Manhattan, The City of New York, but only in the manner prescribed in the Indenture, upon the surrender and cancellation of this bond and the payment of charges for transfer, and upon any such transfer a new registered bond or bonds, without coupons, of the same series and maturity date and for the same aggregate principal amount, in authorized denominations, will be issued to the transferee in exchange herefor. The Company and the Trustees may deem and treat the person in whose name this bond is registered as the absolute owner for the purpose of receiving payment and for all other purposes. Coupon bonds and registered bonds without coupons of this series are interchangeable, and registered bonds shall be exchangeable for registered bonds of other authorized denominations having the same aggregate principal amount, in the manner and upon the conditions prescribed in the Indenture. This bond shall not be valid or become obligatory for any purpose unless and until it shall have been authenticated by the execution by the Trustee or its successor in trust under the Indenture of the certificate endorsed hereon.

IN WITNESS WHEREOF, Gulf Power Company has caused this bond to be executed in its name by its President or one of its Vice-Presidents, and its corporate seal or a facsimile thereof to be affixed hereto or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries.

Dated,

GULF POWER COMPANY,

By
Vice-President.

Attest:

.....
Assistant Secretary.

AND WHEREAS, on each of the coupon bonds and on each of the registered bonds of each and every series issued under and secured by this Indenture (whether in temporary or definitive form) there is to be endorsed a certificate of the Trustee substantially in the following form, to-wit:

[FORM OF TRUSTEE'S CERTIFICATE]

TRUSTEE'S CERTIFICATE

This bond is one of the bonds, of the series designated therein, described in the within-mentioned Indenture.

THE CHASE NATIONAL BANK OF THE
CITY OF NEW YORK,
As Trustee,

By
Assistant Cashier.

AND WHEREAS the bonds of each series other than 1971 Series and the interest coupons to be attached to the coupon bonds of each such series are to be substantially in the forms above set forth, respectively, with such modifications thereof and additions thereto or eliminations therefrom, authorized or permitted by this Indenture as to any particular series, as in the opinion of the Board of Directors of the Company at the time may be necessary or proper ;

AND WHEREAS all acts and things necessary to make the bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the Company, and to constitute this Indenture a valid, binding and legal instrument for the security thereof, have been done and performed, and the creation, execution and delivery of this Indenture and the creation, execution and issue of bonds subject to the terms hereof, have in all respects been duly authorized ;

NOW THEREFORE, in consideration of the premises, and of the acceptance and purchase of the bonds by the holders thereof, and of the sum of One Dollar duly paid by the Trustees to the Company, and of other good and valuable considerations, the receipt whereof is hereby acknowledged, and for the purpose of securing the due and punctual payment of the principal of and premium, if any, and interest on said \$5,600,000 principal amount of bonds of 1971 Series and all other bonds which shall be issued hereunder, and for the purpose of securing the faithful performance and observance of all covenants and conditions hereinafter, and in any supplemental indenture, set forth, the Company has given, granted, bargained, sold, transferred, assigned, hypothecated, pledged, mortgaged, warranted, aliened and conveyed and by these presents does give, grant, bargain, sell, transfer, assign, hypothecate, pledge, mortgage, warrant, alien and convey unto The Chase National Bank

of the City of New York and The Citizens & Peoples National Bank of Pensacola, as Trustees, as herein provided, and their successor or successors in the trust hereby created, and to their assigns forever, all the right, title and interest of the Company in and to any and all premises, property, franchises and rights of every kind and description, real, personal and mixed, tangible and intangible, now owned or hereafter acquired by the Company, together (subject to the provisions of Article X hereof hereinafter contained) with the tolls, rents, revenues, issues, earnings, income, products and profits thereof, excepting, however, and there is hereby expressly reserved from the lien and effect of this Indenture, all right, title and interest of the Company, now owned or hereafter acquired, in and to (a) all cash, bonds, stocks, obligations and other securities not deposited with the Trustee under this Indenture and not required so to be, (b) all accounts and bills receivable, judgments (other than for the recovery of real property or establishing a lien, charge or right therein) and other evidences of indebtedness not specifically assigned to and pledged with the Trustee or Trustees hereunder, and not required so to be, (c) stock in trade, materials or supplies manufactured or acquired for the purpose of sale and/or resale in the usual course of business or consumable in the operation of any of the properties of the Company, (d) motor vehicles, as hereinafter defined, and (e) all the property described in Schedule A (which is identified by the signatures of an officer of each of the parties hereto at the end thereof) hereto annexed and hereby made a part hereof.

Provided, however, that if, upon the occurrence of a default as hereinafter in this Indenture defined, the Trustees, or either of them, or any receiver appointed hereunder or upon the application of the Trustees, or either of them, or of holders of bonds outstanding hereunder shall enter upon and take possession of the mortgaged and pledged property, the Trustees, or either of them, or such receiver may, to the extent permitted by law, at the same time likewise take possession of any and all of the property hereinabove excepted and reserved from the lien and effect of this Indenture then on hand which is used or useful in connection with the business of the Company and use and administer the same, to the extent permitted by law, to the same extent as if such property were part of the mortgaged and pledged property, unless and until such default shall be remedied and possession of the mortgaged and pledged property restored to the Company, its successors or assigns.

Without in any way limiting or restricting the generality of the above, or the foregoing exceptions and reservations, the Company hereby expressly gives, grants, bargains, sells, transfers, assigns, hypothecates, pledges, mortgages, warrants, aliens and conveys unto the Trustees, their successor or successors in the trust hereby created, and to their assigns forever, all the property described in Schedule B (which is identified by the signatures of an officer of each of the parties hereto at the end thereof) hereto annexed and hereby made a part hereof, wherever located.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the premises, property, franchises and rights, or any thereof, referred to in the foregoing granting clauses, with the reversion and reversions, remainder and remainders and (subject to the provisions of Article X hereof hereinafter contained) the tolls, rents, revenues, issues, earnings, income, products and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid premises, property, franchises and rights and every part and parcel thereof.

SUBJECT, HOWEVER, with respect to premises, property, franchises and rights now owned and subject thereto, to the lien of the indenture referred to in Section 7.01 hereof, until said indenture is discharged in accordance with the covenants of the Company contained in Section 7.01 hereof, and subject also to excepted encumbrances as said term is hereinafter defined in Section 1.02 hereof, and subject, with respect to property hereafter acquired, to all defects and limitations of title and to all encumbrances existing at the time of such acquisition.

TO HAVE AND TO HOLD all said premises, property, franchises and rights hereby conveyed, assigned, pledged or mortgaged, or intended so to be, unto the Trustees, their successor or successors in trust, and their assigns forever;

BUT IN TRUST, NEVERTHELESS, with power of sale, for the equal and proportionate benefit and security of the holders of all bonds and interest coupons now or hereafter issued hereunder, pursuant to the provisions hereof, and for the enforcement of the payment of said bonds and coupons when payable and the performance of and compliance with the covenants and conditions of this Indenture, without any preference, distinction or priority as to lien or otherwise of any bond or bonds over others by reason of the difference in time of the actual issue,

sale or negotiation thereof or for any other reason whatsoever, except as herein otherwise expressly provided; and so that each and every bond now or hereafter issued hereunder shall have the same lien, and so that the principal of and premium, if any, and interest on every such bond shall, subject to the terms hereof, be equally and proportionately secured hereby, as if it had been made, executed, delivered, sold and negotiated simultaneously with the execution and delivery hereof.

And it is expressly declared that all bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said premises, property, franchises and rights hereby conveyed, assigned, pledged or mortgaged, or intended so to be, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed.

ARTICLE I.

Definitions.

SECTION 1. 01. The terms specified in the next succeeding ten Sections hereof, numbered from 1. 02 to 1. 11, both inclusive, shall, for all purposes of this Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document filed with the Trustee, have the meanings in such Sections specified. Unless otherwise defined in this Indenture, all terms used herein shall, for all such purposes, have the meanings assigned to such terms in the Trust Indenture Act of 1939. Except where the context specifically requires otherwise, wherever reference is made in this Indenture to the Trust Indenture Act of 1939, reference is made to such Act as it was in force on the date of the execution of this Indenture.

SECTION 1. 02. The term "accountant's certificate" shall mean a certificate signed and verified by a practicing accountant appointed by the Board of Directors.

The term "affiliate" shall mean a person controlling, controlled by, or under common control with, another person.

An "application" for the authentication and delivery of bonds, or the release of property, or the withdrawal of cash, under any provision of this Indenture, shall consist of, and shall not be deemed complete until the Trustee shall have been furnished with, such resolutions, certificates, opinions, cash, bonds and other instruments as are required

by such provisions to establish the right of the Company to the authentication and delivery of such bonds, or to such release or withdrawal, as the case may be, and the date of such application shall be deemed to be the date upon which such application shall be so completed.

The term "Board of Directors" shall mean the Board of Directors of the Company.

The term "Company" shall mean Gulf Power Company, and shall also include its successors and assigns as provided in Article XV hereof.

The term "control" shall mean the power to direct the management and policies of a person, directly or through one or more intermediaries, whether through the ownership of voting securities, by contract or otherwise. The terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

The term "cost", when used with respect to any particular property, shall mean the cost (or, if not known, estimated cost) thereof to the Company, without deducting therefrom applicable reserves for depreciation and/or retirements and without including therein any amount paid for intangibles acquired therewith. In determining cost in cases in which property, part of which constitutes fundable property and part does not, is or has been acquired for a consideration not divided between such parts, or, in cases where the consideration given for property is not allocated to the various items of property acquired and the determination of the cost of any or all of such items is required under any of the provisions of this Indenture, the consideration may be allocated to the various parts and items of property acquired in any reasonable manner which is in accordance with the requirements of any system of accounting with which the Company is compelled to comply by any provision of law, or, if there be no such requirements, in any manner which the accountant making the certificate as to the cost of such property deems reasonable and in accordance with good accounting practice. For the purpose of making such allocation, the accountant may rely on and accept, if he deems it proper so to do, any action taken by the Company with respect to such allocation and any valuation and other reports available to such accountant with respect to the property concerned, including the independent engineer's (or, if none, the engineer's) certificate describing the property additions so acquired.

The term "Co-Trustee" shall mean The Citizens & Peoples National Bank of Pensacola, and shall also include its successors and assigns as provided in Article XVI hereof.

The term "current fair value", when used with respect to any particular property described in any certificate required under this Indenture, shall mean the fair value of such property as of a date not more than ninety days prior to the date of such certificate.

The term "daily newspaper" shall mean a newspaper customarily published at least on each business day other than holidays.

The term "engineer" shall mean a co-partnership or a corporation engaged in the engineering profession or an individual who is an engineer.

The term "engineer's certificate" shall mean a certificate signed and verified by the President or a Vice-President of the Company and by an engineer (who may be an employee of the Company) appointed by the Board of Directors.

The term "excepted encumbrances" shall mean as of any particular time any of the following: (a) liens for taxes and assessments not then delinquent on any property of the Company or, if delinquent, in the course of contest in good faith; (b) judgments in course of appeal or otherwise in contest in good faith; (c) liens or charges, if any, incidental to current construction or current operation; (d) easements, rights of way, reservations, restrictions, covenants of record (other than for the payment of money), party-wall agreements, conditions of record, landlord's rights of distraint, and other similar encumbrances; and liens and other outstanding interests subject to which easements or rights of way may be possessed by the Company; provided that none of the items mentioned in this clause (d) impairs, in the opinion of counsel, the use of the affected property by the Company or its value as security for the bonds issued and to be issued hereunder; (e) rights reserved to or vested in any municipality or public authority by the terms of any franchise, grant, license, permit or by any provision of law to purchase or recapture or to designate a purchaser of any of the properties of the Company; (f) rights reserved to or vested in any municipality or public authority to use or control or regulate any property of the Company; (g) any obligations or duties of the Company to any municipality or public authority with respect to any franchise, grant, license or permit; and (h) any liens, neither assumed by the Company nor on which it customarily pays interest charges, existing upon real estate or rights in or relating to real estate acquired by the Company for substation, transmission line or right of way purposes or gas purification purposes.

The term "fundable property" shall mean all mortgaged and pledged property (other than specially classified property) owned by the Company on December 31, 1940, and property additions.

The term "holder", when used with reference to bonds authenticated and delivered hereunder, shall mean the bearer of any bond the ownership of which is not at the time registered as to principal, and the person in whose name a particular registered bond without coupons, or a particular coupon bond registered as to principal, is at the time registered on the books of the Company kept for that purpose in accordance with the provisions of Section 2.06 hereof.

The term "independent engineer" shall mean an engineer who (a) is in fact independent; (b) does not have any substantial interest, direct or indirect, in the Company or in any other obligor on the bonds; and (c) is not connected with the Company or any other obligor on the bonds as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions; and each independent engineer's certificate shall contain a statement to the effect that the person making the same is such an engineer.

The term "independent engineer's certificate" shall mean a certificate signed and verified by an independent engineer appointed by the Board of Directors and selected or approved by the Trustee in the exercise of reasonable care.

The term "independent public accountant" shall mean any certified or licensed public accountant who or any firm of such accountants each of whom (a) is in fact independent; (b) does not have any substantial interest, direct or indirect, in the Company or in any other obligor on the bonds; and (c) is not connected with the Company or any other obligor on the bonds as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions; but who may be regularly retained to make annual and other similar audits of the books of the Company or any other obligor on the bonds or any affiliate of any thereof; and each independent public accountant's certificate shall contain a statement to the effect that the person making the same is such an accountant.

The term "independent public accountant's certificate" shall mean a certificate signed and verified by an independent public accountant appointed by the Board of Directors and selected or approved by the Trustee in the exercise of reasonable care.

The terms the "lien hereof" and the "lien of this Indenture" shall mean the lien created or intended to be created by these presents (including the lien created by the after-acquired property clauses hereof) and

the lien created by any subsequent conveyance or delivery to or pledge with the Trustees hereunder (whether made by the Company or any other corporation or any individual, company or co-partnership) constituting any property a part of the security held by the Trustees upon the terms and trusts and subject to the conditions specified in this Indenture.

The terms "mortgaged and pledged property" and "trust estate" shall mean, as of any particular time, the property which at said time is subject to the lien of this Indenture whether such lien be created by these presents (including the lien created by the after-acquired property clauses hereof) or by subsequent conveyance, delivery or pledge to the Trustees hereunder or otherwise.

The term "motor vehicles" shall mean and include motor vehicles and trailers of every nature and description.

SECTION 1.03. The term "net earnings certificate" shall mean an accountant's certificate or, if the aggregate principal amount of the bonds, the authentication and delivery of which is applied for in the application of which the net earnings certificate is a part, and of all other bonds authenticated and delivered under the Indenture since the commencement of the calendar year current at the time of such application (other than those with respect to which a net earnings certificate is not required or with respect to which an independent public accountant's certificate complying with this Section has previously been furnished), is ten per centum (10%) or more of the aggregate principal amount of bonds outstanding, an independent public accountant's certificate, stating:

I. for a period of twelve consecutive calendar months within the fifteen calendar months immediately preceding the date of the application, the "net earnings" of the Company, which shall be the balance remaining, if any, after deducting the aggregate of the operating expenses as specified in (4) below from the aggregate of the gross operating revenues and the applicable net non-operating revenues;

and specifying,

(1) the gross operating revenues of the Company from all sources except those specified in (2) below (excluding therefrom profits and losses from the sale or other disposition of capital assets);

(2) total net non-operating revenues, including income from stocks, bonds or other securities (whether of subsidiaries or not) and net earnings (computed in the manner herein specified for the computation of the net earnings of the Company) from the operation of any business unit of the Company of which substantially all of the plant, system, equipment and property are not owned by the Company (but excluding credits to income in respect of premiums received on the sale or other disposition of obligations of the Company);

(3) the "applicable net non-operating revenues", which shall be the net non-operating revenues or an amount equal to fifteen per centum (15%) of the "interest earnings requirement" as defined in subdivision III of this Section, whichever is less;

(4) the operating expenses, including accruals for taxes (except undistributed earnings, income and excess profits taxes and any like taxes measured by income), rentals, insurance, actual charges for current repairs and maintenance and charges to expense or income to provide for depreciation (but excluding interest, charges deducted in computing net non-operating revenues and charges to income for the amortization (i) of debt discount and expense and (ii) of utility plant account or amounts transferred therefrom);

II. (A) the annual interest charges upon (1) all bonds outstanding hereunder at the date of such certificate (including all bonds, at such date, held by the Trustee uncanceled under the provisions of Section 7.07 hereof); (2) those bonds then applied for in the application in connection with which such certificate is made and those applied for in any other pending application, (3) all outstanding prior lien bonds on the date of such certificate, and (4) all other indebtedness (other than indebtedness for the purchase, payment or redemption of which money in the necessary amount shall have been deposited with the Trustee hereunder or the trustee or other holder of the mortgage or other lien securing such indebtedness) outstanding and not held by or for the account of the Company on the date of such certificate and secured by lien prior to or of a rank equal with the lien, if any, of this Indenture upon any property of the Company if said indebtedness has been assumed by the Company or if the Company customarily pays interest charges upon the principal thereof; and

(B) the principal amount of the respective bonds and other obligations and indebtedness on which the annual interest charges referred to in subdivision II (A) of this Section are calculated and the respective interest rates at which computed; and

III. the "interest earnings requirement", which shall be a figure equal to two hundred per centum (200%) of the aggregate annual interest charges specified in accordance with subdivision II (A) of this Section.

If any of the property owned by the Company at the date of any net earnings certificate shall consist of property formerly operated by others and acquired by the Company during or after the period covered by such net earnings certificate, the net earnings of such property (computed in the manner herein specified for the computation of the net earnings of the Company) during such period or such part of such period as shall have preceded the acquisition thereof by the Company, if and to the extent that the same have not otherwise been included and can be determined, shall be treated as net earnings of the Company for all purposes of this Indenture, provided that in such event the net earnings which can be determined of any property disposed of by the Company during or after such period shall not be treated as net earnings of the Company.

SECTION 1.04. The term "obligor", when used with reference to bonds authenticated and delivered hereunder, shall mean every person who is liable thereon.

The term "opinion of counsel" shall mean an opinion in writing which is signed by counsel (who may be of counsel to the Company) and which shall include, in addition to the statements, if any, required by any other applicable provision of this Indenture, a statement that, in his opinion, the conditions precedent, if any, provided for in this Indenture (including any covenants compliance with which constitutes a condition precedent) which relate to the authentication and delivery of bonds, to the release or the release and substitution of property subject to the lien of this Indenture, to the satisfaction and discharge of this Indenture, or to any other action to be taken by the Trustees, or either of them, at the request or upon the application of the Company, as the case may be, have been complied with.

The term "original fair value", when used with respect to any particular property described in any certificate required under this Indenture, shall mean the fair value of such property to the Company as of the time of the actual acquisition thereof by the Company.

The term "outstanding" shall mean, as of any particular time, with respect to bonds authenticated under this Indenture, all bonds which theretofore shall have been authenticated and delivered under this Indenture by the Trustee, except (a) bonds theretofore or then paid, retired, cancelled or redeemed and not held alive for the benefit of any sinking fund and bonds for the purchase, payment or redemption of which (for cancellation and not for holding alive for the benefit of any sinking fund) money in the necessary amount shall have been or shall be then deposited with or held by the Trustee in trust with irrevocable direction so to apply the same, (b) bonds then held by the Trustee under any of the provisions of this Indenture (except that for the purposes of net earnings certificates, bonds held by the Trustee uncanceled under the provisions of Section 7.07 hereof shall be deemed to be outstanding), (c) bonds in lieu of which bonds have been authenticated and delivered, as provided in Section 2.09 hereof, and (d) coupon bonds, if any, held in reserve by the Trustee against registered bonds as provided in Section 2.02 hereof; provided, however, that in determining the percentage of the principal amount of bonds outstanding (or of bonds of a particular series outstanding) entitling the holders thereof to take any action hereunder, or in determining whether the holders of the required percentage of the principal amount of bonds outstanding (or of bonds of a particular series outstanding) have concurred in any direction to the Trustees or in any consent, bonds owned by the Company or by any other obligor upon the bonds or by any person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Company or any other obligor upon the bonds, shall be disregarded, except that for the purpose of determining whether the Trustees shall be protected in relying on any such direction or consent, only bonds which the Trustees know are so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding if the pledgee shall establish to the satisfaction of the Trustees the pledgee's right to vote such bonds and that the pledgee is not a person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Company or any other obligor upon the bonds. In case of a

dispute as to such right, any decision by the Trustees taken upon the advice of counsel shall be full protection to the Trustees.

The term "outstanding prior lien bonds" shall mean as of any particular time all prior lien bonds theretofore authenticated and delivered by the trustee of the mortgage or other lien securing the same or, if there be no such trustee, all prior lien bonds theretofore made and delivered or incurred, secured by such mortgage or other lien, except (a) prior lien bonds theretofore or then paid, retired, discharged, cancelled or redeemed and not held alive for the benefit of any sinking fund, (b) prior lien bonds for the purchase (by firm contract), payment or redemption of which money in the necessary amount shall have been or shall be then deposited with or held in trust, with irrevocable direction so to apply the same, by the Trustee hereunder or by the trustee or other holder of the mortgage or other lien securing such prior lien bonds, (c) prior lien bonds held in pledge by the Trustee hereunder, or held by the trustee or other holder of the mortgage or other lien securing such prior lien bonds or other prior lien bonds under conditions such that no transfer of ownership or possession of such prior lien bonds by the trustee or other holder of such mortgage or other lien is permissible except upon a default thereunder or except to the Trustee hereunder or the trustee or other holder of the mortgage or other lien securing such prior lien bonds or other prior lien bonds for cancellation or to be held uncanceled under the terms of the mortgage or other lien securing such prior lien bonds or other prior lien bonds under like conditions, and (d) prior lien bonds authenticated and delivered, pursuant to the provisions of the mortgage or other lien securing the same, in substitution for or in lieu of a like principal amount of lost, stolen or destroyed prior lien bonds issued under such mortgage or other lien.

The term "person" shall mean and include an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or any government or political subdivision thereof.

SECTION 1.05. The term "plant or property operated by others" shall mean any property additions, which, within six (6) months prior to the date of actual acquisition thereof by the Company, constituted property used or operated by others in a business similar to that in which it has been or is to be used or operated by the Company, and the original fair value of which, as set forth in the certificate setting forth such value, is not less than \$25,000 and not less than one per centum

(1%) of the aggregate principal amount of all bonds outstanding hereunder at the time of such actual acquisition. For the purpose of determining in what maintenance certificate or what certificate complying with the provisions of paragraph (3) of Section 4.05 hereof plant or property operated by others shall be described (and for no other purpose), plant or property operated by others shall be deemed to have been acquired by the Company on any day (on or after the actual acquisition thereof) selected by the Company, at its option, in the calendar year in which, or in the calendar year subsequent to the calendar year in which, such plant or property operated by others actually became property additions.

SECTION 1.06. The term "practicing accountant" shall mean any person actively engaged in accounting work and practicing accountancy, who need not be certified or licensed or public and who may be in the regular employ of the Company. A regular employee of the Company who is principally engaged in accounting work shall be deemed to be a practicing accountant.

The term "prior lien" shall mean any mortgage or other lien, other than excepted encumbrances, securing obligations (except obligations for the purchase, payment or redemption of which [for cancellation and not for holding alive for the benefit of any sinking fund] money in the necessary amount shall have been or shall be then deposited with and held in trust by, with irrevocable direction so to apply the same, the Trustee hereunder or by the trustee or other holder of the mortgage or other lien securing such obligations) of any nature prior to the lien of this Indenture as security for any of the bonds issued or to be issued under this Indenture, existing as of any particular time upon any of the mortgaged and pledged property or any property which is about to become part of the mortgaged and pledged property.

The term "prior lien bonds" shall mean bonds, obligations or other indebtedness secured by prior liens.

The term "proceeds of released property" shall mean the aggregate of

- (a) cash deposited with or received by the Trustee pursuant to the provisions of subdivision (2) of Section 10.02 and of Sections 10.03, 10.04, 10.05 (other than cash delivered to the Trustee under the provisions of paragraph (1) of Section 10.05 in respect of prior lien bonds, and other than cash [representing interest,

premium and/or dividends] received by the Trustee pursuant to the third and fourth paragraphs of Section 10.05 which the Trustee is required to pay over to the Company upon receipt of a treasurer's certificate as therein provided), 10.06 or 10.10 (other than cash representing interest or premium on prior lien bonds payable by the Trustee to or upon the order of the Company and cash deposited with the Trustee for the purchase, payment or redemption pursuant to the provisions of subdivision (b) of Section 10.10 of prior lien bonds not then held by the Trustee) hereof;

(b) the principal amount or original fair value, whichever is less, of obligations secured by purchase money mortgage which is a lien upon released fundable property, deposited with the Trustee pursuant to Section 10.03 or 10.04 and the principal amount or original fair value, whichever is less, of obligations secured by purchase money mortgage which is a lien upon released fundable property, exchanged, pursuant to Section 10.05 hereof, for obligations, secured by such a purchase money mortgage, deposited with the Trustee pursuant to Section 10.03 or 10.04 hereof upon the release of released fundable property;

(c) cash deposited with or received by the Trustee pursuant to the provisions of Section 7.06 hereof on account of loss or damage to property (except that, in the case of money deposited on account of loss or damage to unfundable property, such cash may be included only after the same cannot be withdrawn pursuant to the provisions of Section 7.06, to reimburse the Company for amounts spent in the rebuilding or renewal of such unfundable property); and

(d) \$3,100,000 in cash deposited with the Trustee pursuant to Section 3.01 hereof subsequent to the authentication and delivery, pursuant to the provisions of said Section, of \$5,600,000 principal amount of bonds of the 1971 Series.

The term "resolution" shall mean a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors.

The term "responsible officers" shall mean and include the chairman of the board of directors, the president, every vice-president, every second vice-president, the cashier, every assistant cashier, the

treasurer, every assistant treasurer, the secretary, every assistant secretary, every trust officer, every assistant trust officer, and every other officer and assistant officer customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject; and the term "responsible officer" shall mean and include any of said officers or persons.

The term "specially classified property" shall mean property other than that used or useful, in whole or in part, in or in connection with the operation of any one or more of the following businesses, viz. generating, manufacturing, purchasing or otherwise acquiring, transmitting, distributing or supplying (i) electricity or gas for light, heat, power or other purposes or (ii) steam or hot water for power or heat or other purposes.

The term "treasurer's certificate" shall mean a certificate which is signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company and which shall include, in addition to the statements, if any, required by any other applicable provision of this Indenture, a statement that the conditions precedent, if any, provided for in this Indenture (including any covenants compliance with which constitutes a condition precedent) which relate to the authentication and delivery of bonds, to the release or the release and substitution of property subject to the lien of this Indenture, to the satisfaction and discharge of this Indenture, or to any other action to be taken by the Trustees, or either of them, at the request or upon the application of the Company, as the case may be, have been complied with.

The term "the Trustee" shall mean The Chase National Bank of the City of New York, and shall also include its successors and assigns as provided in Article XVI hereof.

The term "Trustees" shall mean and include the Trustee and the Co-Trustee, and shall also include their successors and assigns as provided in Article XVI hereof.

The term "unfundable property" shall mean (a) mortgaged and pledged property acquired by the Company subsequent to December 31, 1940 which does not constitute property additions and (b) specially classified property, whether or not owned by the Company on December 31, 1940. Unfundable property shall be deemed to have been acquired as property additions (except for the purpose of determining

the original fair value thereof and except as provided in Section 1.05 hereof) as of the date on which such unfundable property ceases to be unfundable property because a change of conditions has caused the same to come within the term "property additions".

SECTION 1.07. The acceptance by the Trustee of a certificate or opinion shall be sufficient evidence that the signer or the signers have been selected or approved by or are satisfactory to the Trustee, as the case may be, within the meaning of this Indenture, unless the Trustee shall give written notice to the Company that the signer or signers have not been selected or approved by or are not satisfactory to the Trustee, as the case may be; and where, under any provision of this Indenture or of any indenture supplemental hereto, an independent engineer's certificate or an independent public accountant's certificate is required, such requirement, so far as the validity of action taken in reliance thereon is concerned, shall be deemed to have been complied with if the Trustee shall have received a certificate made by the person or firm, as the case may be, who shall have been so selected or approved by the Trustee for such purpose, but nothing contained in this paragraph shall relieve the Trustee of its obligation to exercise reasonable care with respect to the selection or approval of independent experts who may furnish opinions or certificates to the Trustee pursuant to any provision of this Indenture.

Each certificate or opinion delivered to the Trustees, or either of them, with respect to compliance with a condition or covenant provided for in this Indenture shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition and the definitions, if any, relevant to such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with. Any such certificate or opinion of an officer of the Company may be based, in so far as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate

or opinion may be based as aforesaid are erroneous or, in the exercise of reasonable care, should have known that the same were erroneous. Any such certificate or opinion of counsel may be based, in so far as it relates to factual matters, information with respect to which is in the possession of the Company, upon a certificate or opinion of, or representations by, an officer or officers of the Company, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous or, in the exercise of reasonable care, should have known that the same were erroneous.

Wherever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee or any other person cash, money or funds sufficient or in the necessary amount (or other word or words of similar import) to pay or redeem any bonds, obligations or other indebtedness, the amount so to be deposited or held shall be the principal amount of such bonds, obligations or other indebtedness and all unpaid interest thereon to maturity, unless said bonds, obligations or other indebtedness are redeemable and are to be redeemed prior to maturity and there shall be furnished to the Trustee proof satisfactory to the Trustee that notice of such redemption on the specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for the giving of such notice, in which case the amount of cash, money or funds so to be deposited or held shall be the principal amount of such bonds, obligations or indebtedness and all unpaid interest thereon to the redemption date, together with the redemption premium, if any.

SECTION 1.08. The term "property additions" shall mean all tangible property (except any hereinafter in this Section expressly excepted) owned by the Company and made, constructed or otherwise acquired by it subsequent to December 31, 1940, which the Company is authorized to acquire, own and operate and which is subject to the lien of this Indenture and is used or useful in any one or more of the following businesses, including property used or useful in whole or in part in connection with the operation of any one of such businesses, viz. generating, manufacturing, purchasing or otherwise acquiring, transmitting, distributing or supplying (i) electricity or gas for light, heat, power or other purposes or (ii) steam or hot water for power or heat or other purposes. Permanent improvements, extensions, additions or replacements in the process of construction or erection shall be "prop-

erty additions" as of any given date, insofar as actually constructed or erected after December 31, 1940, and before such given date. The term "gross property additions" shall mean all property additions, whether or not at the time retired.

The term "property additions" shall not include (a) any shares of stock, obligations, bonds, evidences of debt or other securities, or contracts, leases or choses in action or cash, (b) going value or good will, as such, (c) any goods, wares or merchandise acquired for the purpose of resale in the usual course of business, (d) any materials or supplies, unless and until installed and charged to plant or plant addition account, (e) property subject to a prior lien, (f) any natural gas wells or natural gas transmission lines or other works or property used in the production of natural gas or its transmission up to the point of connection with any distribution system, (g) any motor vehicles, (h) any specially classified property, (i) any item of property acquired to replace a similar item of property whose retirement has not been credited to plant account, or any item of property whose cost has been charged or is properly chargeable to repairs, maintenance or other operating expense account or whose cost has not been charged or is not properly chargeable to plant or plant addition account, (j) any plant, system or other property in which the Company shall acquire only a leasehold interest, or, unless the same shall be movable physical property and shall constitute personal property in the opinion of counsel, any betterments, extensions or improvements of, or additions to any plant, system or other property in which the Company shall hold only a leasehold interest, or (k) any property not located in the States of Alabama, Florida, Georgia, Louisiana, Mississippi, South Carolina or Tennessee. There shall not be excluded from property additions any plant, system, equipment or other property of the Company by reason of the fact that it may be located upon or under public highways or other places not owned by the Company if such property is installed or constructed pursuant to rights held under easements, rights of way, permits, licenses, franchises and other like privileges. Materials and supplies shall become property additions when installed and charged to plant or plant addition account.

The term "amount" in respect of property additions or gross property additions shall mean, as to each property addition, the cost to the Company thereof, or, if the original fair value of such property addition is required to be certified in an engineer's certificate complying with the provisions of paragraph (3) of Section 4.05 describing the

same, then the "amount" shall mean the cost or original fair value thereof, as certified in such certificate, whichever is less.

SECTION 1.09. The term "retirements" shall mean the cost of fundable property which, subsequent to December 31, 1940, shall have become worn out or permanently unserviceable, or shall have been lost, sold, destroyed, abandoned, surrendered on lapse of title, or released from the lien of this Indenture, or taken by eminent domain, or purchased by any governmental or public body, authority, agency or licensee pursuant to the right reserved to or vested in it by any license or franchise, or otherwise disposed of by the Company, or retired from service for any reason, or shall have permanently ceased to be used or useful in the business of the Company, provided that part or all of the cost of such property is credited to plant or plant addition account.

SECTION 1.10. The term "net property additions" or "amount of net property additions" shall mean the balance or deficiency remaining after deducting the retirements from the amount of gross property additions. In any certificate required to be filed under this Indenture, the amount of net property additions shall be computed by deducting the retirements made during the period covered by such certificate from the amount of the gross property additions made or acquired or becoming such during such period plus or minus, as the case may be, the amount of net property additions stated pursuant to subdivision (h) of paragraph (3) of Section 4.05 hereof in the most recent engineer's certificate theretofore filed complying with the requirements of such paragraph (3).

In case of an application, upon the basis of property additions, for the authentication of bonds, the release of property or the withdrawal of cash, property additions to be acquired or becoming such concurrently with the granting of and being made the basis of such application shall be specified therein and shall be considered and treated in such application as already acquired for the purpose of computing the amount of net property additions.

SECTION 1.11. The term "unfunded net property additions", or the term "amount of unfunded net property additions", shall mean the balance remaining, if any, after deducting from the aggregate of the following:

- (i) the net property additions (calculated, subject to the provisions of Section 1.10 hereof, as of a date designated in the

engineer's certificate filed with respect to such unfunded net property additions, which date shall be within ninety (90) days of the date of such engineer's certificate);

(ii) the principal amount of bonds issued hereunder made the basis of the release of property or made the basis for the withdrawal of, or retired or to be retired by the use already made or directed (by direction filed with the Trustee) of, proceeds of released property (calculated as of the date of such engineer's certificate); and

(iii) proceeds of released property then held by the Trustee and for the withdrawal or application of which no other application, request or direction is then pending (calculated as of the date of such engineer's certificate); provided, however, that in the case of an application for the withdrawal of cash pursuant to the provisions of paragraph (1) of Section 10.05 hereof, the amount of cash sought to be withdrawn in such application shall not be included in the proceeds of released property then held by the Trustee;

the sum of the following (calculated as of the date of such engineer's certificate):

(a) ten-sixths (10/6ths) of the aggregate principal amount of bonds theretofore authenticated and delivered upon the basis of unfunded net property additions or for the authentication and delivery of which upon such basis any other application is then pending;

(b) ten-sixths (10/6ths) of the amount of cash theretofore deposited with the Trustee for the authentication and delivery of bonds under Section 6.01 hereof and subsequently withdrawn under Section 6.02 hereof upon the basis of unfunded net property additions or for the withdrawal of which upon such basis any other application is then pending;

(c) the aggregate of (i) the amount of unfunded net property additions certified to satisfy any unsatisfied balance of the maintenance and replacement requirement provided for in Section 7.07 hereof and (ii) all cash deposited with the Trustee under the provisions of Section 7.07 hereof which has been withdrawn, or for the withdrawal of which any other application is

then pending, upon the basis of unfunded net property additions, after deducting from such aggregate the amount (not exceeding such aggregate) by which the same has been offset by available maintenance credit or the deposit of outstanding bonds as provided in said Section 7.07 hereof; and

(d) \$3,100,000.

ARTICLE II.

Form, Execution, Registration and Exchange of Bonds and Provisions as to Bonds of 1971.

SECTION 2.01. The aggregate principal amount of bonds which may be outstanding hereunder at any one time is not limited, but shall include such amount as may now or hereafter from time to time be authenticated and delivered under the provisions hereof. At the option of the Company, bonds may be issued in one or more series, the bonds of each series, other than the 1971 Series, hereinafter in Section 2.11 hereof described, maturing on such dates and bearing interest at such rates respectively as the Board of Directors prior to the authentication thereof may determine. Subject to the provisions of Section 2.11 hereof as to the 1971 Series, the form and terms of each series of bonds issued hereunder and of the coupons to be attached to the coupon bonds of such series shall be established by resolution of the Board of Directors. The bonds and coupons of each series shall be expressed in the English language. The text of the coupon bonds, registered bonds, and the Trustee's certificate shall be respectively substantially of the tenor and purport above recited, provided, however, that the form and terms of each series, as established by the Board of Directors, shall specify the descriptive title of the bonds (which shall contain the words "First Mortgage Bonds"), the designation of series, the date or dates of maturity, serial numbers, and a place or places for the payment of principal and interest and a place or places for the registration and transfer of bonds. Any series of bonds may also contain such provisions as the Board of Directors may, in its discretion, cause to be inserted therein:

(a) expressing any obligation of the Company for the payment of the principal of the bonds of that series or the interest thereon, or both, without deduction for taxes or for the reimbursement of taxes in case of payment by the bondholders, it

being understood that such obligation may be limited to taxes imposed by any taxing authorities of a specified class and may exclude from its operation or be limited to any specified tax or taxes or any portion thereof; or expressing any obligation of the Company for the creation of a sinking fund for bonds of that series, or expressing any obligation of the Company to permit the conversion of bonds of that series into capital stock of the Company of any class;

(b) permitting the bondholders to make, at a specified place or places, any or all of the following exchanges, in each instance the exchange to be for a like aggregate principal amount of bonds, viz., exchanges of coupon bonds for registered bonds, exchanges of registered bonds for coupon bonds, exchanges of coupon bonds for coupon bonds of other denominations, exchanges of registered bonds for registered bonds of other denominations, and exchanges of bonds of one series for bonds of another series; such privilege of exchange may in any case be made subject to such conditions, limitations or restrictions as the Board of Directors shall determine and the privilege of exchange may in any case be conferred upon the holders of bonds of one or more denominations and withheld from the holders of bonds of other denominations of the same series and may in any case be conferred on the holders of registered bonds and withheld from the holders of coupon bonds or vice versa;

(c) reserving to the Company the right to redeem all or any part of the bonds of that series before maturity at a time or times and at a redemption price or prices to be specified in the form of bond;

(d) expressing any other terms and conditions not inconsistent with the provisions hereof, upon which such bonds are to be issued and secured under this Indenture.

SECTION 2.02. Any series of bonds may be executed, authenticated and delivered originally as coupon bonds or as registered bonds, or in part as coupon bonds and in part as registered bonds, of such denomination or denominations as the Board of Directors may from time to time authorize. Whenever any bond shall be issued as a registered bond, there may be reserved by the Company an aggregate principle amount of coupon bonds equal to the principal amount of the registered

bond so issued, and the serial number or numbers of the coupon bond or bonds so reserved may be endorsed by the Company on such registered bond issued in lieu thereof, but the Company shall not be required so to reserve coupon bonds or to prepare or deliver to the Trustee any coupon bond or bonds so reserved.

SECTION 2.03. Every registered bond of the 1971 Series shall be dated as of the date of this Indenture or, if such bond be authenticated after March 1, 1942, then as of the last interest payment date to which interest has been paid on bonds of such series, except that, if any registered bond of such series shall be authenticated upon any interest payment date to which interest is being paid for that series, it shall be dated as of the day of such authentication. The bonds of each series of bonds issued hereunder other than the 1971 Series shall be dated as of such date as may be determined by the Board of Directors and designated in the form established for such series.

SECTION 2.04. Any bond may have imprinted thereon any legend or legends required in order to comply with the rules of any stock exchange or the requirements of any law or any regulation of any public authority or to conform to general usage, and the Board of Directors by resolution may amend any legend on bonds then outstanding so as to comply with such rules or requirements or so as to conform to such usage.

SECTION 2.05. In all cases in which the privilege of exchanging bonds exists and is exercised, the bonds to be exchanged shall be surrendered at such place or places as shall be designated by the Board of Directors for the purpose (or, if no such place is at the time so designated for the purpose, at the principal trust office of the Trustee), with all unmatured coupons attached (in the case of coupon bonds), and the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor the bond or bonds of authorized denominations which the bondholder making the exchange shall be entitled to receive. All bonds so surrendered for exchange shall be cancelled by the Trustee and a certificate evidencing the cancellation thereof shall be delivered to the Company. Upon every transfer of bonds as permitted by Section 2.06 hereof, and upon every exchange of bonds, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge required to be paid by the Company and in addition may charge a sum

not exceeding Two Dollars (\$2) for each new bond issued upon any such transfer or exchange which shall be paid by the party requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Company shall not be required to make transfers or exchanges of bonds of any series for a period of ten (10) days next preceding any interest payment date of said series. Each bond delivered pursuant to any provision of this Indenture in exchange or substitution for, or upon the transfer of the whole or any part of one or more other bonds, shall carry all of the rights to interest accrued and unpaid and to accrue which were carried by the whole or such part, as the case may be, of such one or more other bonds, and notwithstanding anything contained in this Indenture, such bond shall be so dated or have attached thereto such coupons or bear such notation, that neither gain nor loss in interest shall result from any such exchange, substitution, or transfer.

SECTION 2.06. The Company shall keep at such place or places as shall be designated in Section 2.11 hereof or by resolution of the Board of Directors for the purpose, books for the registration and transfer of bonds issued hereunder, which, at all reasonable times, shall be open for inspection by the Trustees; and upon the presentation for such purpose at any such place or places, the Company will register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any bonds issued under this Indenture and entitled to registration or transfer at such office. Upon the registration of any coupon bond as to principal, the fact of such registration shall be noted on such bond. Upon the transfer of any registered bond, the Company shall issue in the name of the transferee or transferees a new registered bond or new registered bonds of the same series and of authorized denominations for a like principal amount and the Trustee, upon surrender to it for cancellation of the bonds so transferred, properly endorsed for transfer, shall authenticate and deliver in exchange therefor new registered bonds. All registered bonds so surrendered for transfer shall be cancelled by the Trustee, and a certificate evidencing the cancellation thereof shall be delivered to the Company. In lieu of inspecting any books for the registration and transfer of bonds, the Trustees, subject to the provisions of Article XVI hereof, shall be entitled to accept and conclusively rely upon a certificate of the agent or officer in charge thereof as to the facts and matters therein appearing.

SECTION 2. 07. All bonds issued hereunder shall, from time to time, be executed on behalf of the Company by its President or one of its Vice-Presidents and its corporate seal shall be thereunto affixed, or a facsimile thereof shall be printed or engraved thereon, and attested, by its Secretary or one of its Assistant Secretaries. The coupons to be attached to coupon bonds shall bear the facsimile signature of the present or any future Treasurer of the Company. In case any of the officers who shall have signed any bonds or attested the seal thereon or whose facsimile signature appears on any coupons shall cease to be such officers of the Company before the bond so signed and sealed shall have been actually authenticated by the Trustee or delivered or issued by the Company, such bonds nevertheless may be authenticated, delivered and issued with the same force and effect as though the person or persons who signed such bonds and attested the seal thereon or whose facsimile signature appears on any coupons had not ceased to be such officer or officers of the Company. Before authenticating any coupon bonds, the Trustee shall cut off, cancel and cremate all matured coupons thereto attached and shall deliver to the Company a certificate evidencing the cremation thereof, except that coupon bonds which are authenticated in lieu of lost, destroyed, defaced or mutilated bonds shall bear all coupons which have not been paid and on account of which satisfactory indemnity is given.

SECTION 2. 08. There may be authenticated and delivered and issued in lieu of any definitive bonds of any series a temporary typewritten, printed, lithographed or engraved bond or bonds substantially of the tenor of the bonds of such series, in bearer or fully registered form, with or without one or more coupons, and with or without the privilege of registration as to principal, and such temporary bond or bonds may be in such denomination or denominations as the Board of Directors may determine. Such temporary bond or bonds shall be entitled to the lien and benefit of this Indenture. Upon exchange thereof for definitive bonds of the same series, which the Company shall make without any charge therefor, such temporary bond or bonds and any unmatured coupons attached thereto shall be cancelled or cremated by the Trustee and upon the request of the Company a certificate of such cancellation or cremation shall be delivered to it. When and as interest is paid upon any temporary bond without coupons, the fact of such payment shall be noted thereon, unless such bond is a registered bond. The holder of one or more temporary bonds may exchange the same, upon pay-

ment, if the Company shall require, of the charges provided in Section 2.05 hereof, on the surrender thereof in bearer form, or if registered, properly endorsed for transfer, with all unmatured coupons, if any, attached, to the Trustee for cancellation, and shall be entitled to receive temporary bonds of the same series of like aggregate principal amount of other authorized denominations.

SECTION 2.09. Upon receipt by the Company and the Trustee of evidence satisfactory to them of the loss, destruction, defacement or mutilation of any bond outstanding hereunder not then matured or subject to payment, and of indemnity satisfactory to them, and upon payment, if the Company shall require it, of a reasonable charge and upon reimbursement to the Company and the Trustee of all reasonable expense incident thereto, and upon surrender and cancellation of such bond, if defaced or mutilated, and the coupons appertaining thereto, if any, the Company may execute, and the Trustee may authenticate and deliver, a new bond with appurtenant coupons all of like tenor and of the same series, in lieu of such lost, destroyed, defaced or mutilated bond and coupons. In case of the loss, destruction, defacement or mutilation of any bond outstanding hereunder which has matured or is then subject to payment by redemption, purchase or otherwise, the Trustee and the Company, upon receipt from the owner of such bond of evidence satisfactory to them of such loss, destruction, defacement or mutilation and upon surrender and cancellation of such bond if defaced or mutilated and of indemnity satisfactory to them, may pay to the owner of such bond the amount payable thereon without the execution, authentication and delivery of a substitute bond.

SECTION 2.10. No bonds shall be secured hereby unless there shall be endorsed thereon the certificate of the Trustee, substantially in the form hereinbefore recited, that it is one of the bonds (or temporary bonds) herein described; and such certificate on any such bond shall be conclusive evidence that such bond has been duly authenticated and delivered and is secured hereby.

SECTION 2.11. Notwithstanding any of the provisions hereinbefore in this Article II contained to the contrary, which said provisions in so far as they are contrary shall not be applicable to the bonds in this Section described, there shall be a series of bonds designated $3\frac{1}{8}\%$ Series due 1971, each of which shall also bear the descriptive title "First Mortgage Bond" (said bonds being sometimes hereinafter referred to as the "bonds of 1971"), and the form thereof and of the

appurtenant coupons shall be substantially as hereinbefore set forth. Bonds of 1971 shall mature on September 1, 1971, and may be issued as coupon bonds in the denomination of \$1,000 each, registerable as to principal, or as registered bonds, or in part as coupon bonds and in part as registered bonds. Registered bonds of 1971 shall be in such denominations as the Board of Directors shall approve, and execution and delivery thereof to the Trustee for authentication shall be conclusive evidence of such approval. The serial numbers of bonds shall be such as may be approved by any officer of the Company. They shall bear interest at the rate, until the principal thereof shall have become due and payable, of three and one-eighth per centum per annum, payable semi-annually on March 1 and September 1 in each year; the principal of and the premium, if any, and the interest on said bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, at the office or agency of the Company in the Borough of Manhattan, The City of New York designated for that purpose. Coupon bonds of 1971 and unregistered temporary bonds of 1971 shall be dated as of September 1, 1941. Registered bonds of 1971 shall be dated as set forth in Section 2.03 hereof. Coupon bonds and registered bonds of the 1971 Series of like aggregate principal amount of authorized denominations shall be interchangeable, and registered bonds shall be exchangeable for registered bonds of other authorized denominations having the same aggregate principal amount, at the option of the holders. Any or all of the bonds of 1971 shall be redeemable at the option of the Company at any time and from time to time, prior to maturity, upon notice published at least once in each of four (4) consecutive calendar weeks (on any day of each such week), the first publication to be at least thirty days and not more than forty-five days prior to the date fixed for redemption, in one daily newspaper printed in the English language and of general circulation in the Borough of Manhattan, The City of New York (provided that publication of such notice shall not be required in case all the bonds to be redeemed are registered bonds without coupons and/or coupon bonds registered as to principal and the Company or the Trustee shall have mailed, by registered mail postage prepaid, notice of redemption not less than thirty nor more than forty-five days prior to the date fixed for redemption to each registered holder of a bond to be redeemed (in whole or in part) at the last address of such holder appearing on the registry books), at the principal amount thereof and accrued interest thereon to the date fixed for redemption, together with a premium equal to a

percentage of the principal amount thereof determined as set forth in the tabulation below under the heading "Redemption Premium":

Year	Redemption Premium (if redeemed prior to September 1 of the calendar year stated and subsequent to the last day of August of the calendar year next preceding such year)
1942.....	6 $\frac{1}{8}$ %
1943.....	6 $\frac{1}{8}$ %
1944.....	6 $\frac{1}{8}$ %
1945.....	6 %
1946.....	5 $\frac{3}{4}$ %
1947.....	5 $\frac{5}{8}$ %
1948.....	5 $\frac{1}{2}$ %
1949.....	5 $\frac{3}{8}$ %
1950.....	5 $\frac{1}{8}$ %
1951.....	5 %
1952.....	4 $\frac{7}{8}$ %
1953.....	4 $\frac{5}{8}$ %
1954.....	4 $\frac{1}{2}$ %
1955.....	4 $\frac{1}{4}$ %
1956.....	4 $\frac{1}{8}$ %
1957.....	3 $\frac{1}{4}$ %
1958.....	3 $\frac{1}{8}$ %
1959.....	2 $\frac{7}{8}$ %
1960.....	2 $\frac{3}{4}$ %
1961.....	2 $\frac{1}{2}$ %
1962.....	2 $\frac{3}{8}$ %
1963.....	2 $\frac{1}{8}$ %
1964.....	1 $\frac{7}{8}$ %
1965.....	1 $\frac{3}{4}$ %
1966.....	1 $\frac{1}{2}$ %
1967.....	1 $\frac{1}{4}$ %
1968.....	1 %

and without premium if redeemed on or after September 1, 1968.

The holder of any coupon bond of 1971 may have the ownership thereof registered as to principal at the principal trust office of the Trustee, in the Borough of Manhattan, The City of New York, and such registration noted on such bond. After such registration no transfer of said bond shall be valid unless made at said office by the registered owner in person or by his duly authorized attorney and similarly noted on such bond; but the same may be discharged from registry by being in like manner transferred to bearer and thereupon transferability by

delivery shall be restored; but such bond may again from time to time be registered or transferred to bearer in accordance with the above procedure. Such registration, however, shall not affect the negotiability of the coupons appertaining to such bonds, but every such coupon shall continue to be transferable by delivery and shall remain payable to bearer. Registered bonds of 1971 may be transferred at the principal trust office of the Trustee, in the Borough of Manhattan, The City of New York.

SECTION 2.12. The Company covenants that, so long as any bonds of 1971 shall be outstanding under this Indenture, it will, on or before June 1 in each year commencing with June 1, 1944, deposit with the Trustee subject to the provisions of this Section cash and/or bonds authenticated hereunder then outstanding (taken at their principal amount) in an amount equal to the "sinking fund requirement" (which term for any year shall mean an amount equal to one per centum (1%) of the aggregate principal amount of bonds authenticated and delivered by the Trustee pursuant to the provisions of Articles III, IV and VI hereof, prior to January 1 of that year, after deducting from such aggregate principal amount the principal amount of bonds which, prior to January 1 of that year, have been deposited with the Trustee for cancellation as the basis for the release of property or for the withdrawal of cash representing proceeds of released property or have been purchased, redeemed or paid at maturity by the use of proceeds of released property).

The term "sinking fund certificate", as used in this Section and elsewhere in this Indenture, shall mean an accountant's certificate filed by the Company with the Trustee pursuant to this Section.

On or before the first day of June in each year, beginning June 1, 1944, so long as any bonds of 1971 are outstanding under this Indenture, the Company shall deliver to the Trustee a sinking fund certificate showing the sinking fund requirement for that year, the amount of cash, if any, and the principal amount of bonds authenticated hereunder then outstanding, if any, then to be deposited by the Company with the Trustee. The Company shall, concurrently with the delivery to the Trustee of such certificate, deposit with the Trustee the amount of cash, if any, and the principal amount of bonds, if any, shown in such certificate.

The Trustee shall hold any cash deposited with it under the provisions of this Section as a part of the mortgaged and pledged property until paid out as hereinafter provided. Any cash deposited with the Trustee under the provisions of this Section may, upon receipt by

the Trustee of the written order of the Company signed by its President or a Vice-President, of a treasurer's certificate such as is described in paragraph (2) of Section 4. 05 hereof and of an opinion of counsel, be withdrawn, used or applied by the Company only in accordance with the provisions of paragraph (2), (3) or (4) of Section 10. 05 hereof, except that any premium required to be paid to purchase or redeem bonds shall be paid out of funds held by the Trustee under this Section and the Company shall not be required to furnish the Trustee with additional funds for such purpose or to reimburse the Trustee or the sinking fund for moneys so paid out. Interest and expenses in connection with purchases or redemptions of bonds made with cash deposited pursuant to this Section shall be dealt with as provided in Section 9. 05 hereof.

Bonds deposited with the Trustee pursuant to this Section, or purchased or redeemed by the use of cash deposited pursuant to this Section, shall be cancelled and shall not be made the basis for the authentication of bonds, the withdrawal, use or application of cash, or the release of property, under any of the provisions of this Indenture, or used to satisfy the requirements of this Section or to satisfy an unsatisfied balance of the maintenance and replacement requirement.

ARTICLE III.

Original Issue of Bonds.

SECTION 3. 01. Bonds of 1971 in the aggregate principal amount of Five million, six hundred thousand Dollars (\$5,600,000) shall forthwith be executed by the Company and delivered to the Trustee and shall be authenticated by the Trustee and delivered whether before or after the recording hereof, at one time or from time to time, upon the order or orders of the Company evidenced by writing or writings, signed by the Company by its President or one of its Vice-Presidents and its Treasurer or one of its Assistant Treasurers. Immediately after the authentication and delivery of such \$5,600,000 principal amount of Bonds of 1971 the Company will deposit with the Trustee the \$3,100,000 in cash referred to in subdivision (d) of the definition of "proceeds of released property" in Section 1. 06 hereof.

ARTICLE IV.

Issuance of Bonds Upon the Basis of Property Additions.

SECTION 4. 01. Bonds in addition to those provided for in Article III hereof and of any one or more series may from time to time be executed by the Company and delivered to the Trustee, and shall be

authenticated by the Trustee and delivered from time to time to or upon the written order of the Company upon the basis of property additions, but only in accordance with and subject to the conditions, provisions and limitations set forth in the next succeeding sections of this Article IV.

SECTION 4.02. Bonds may be authenticated and delivered at any time under the provisions of this Article IV upon the basis of properties which, but for the fact that they are subject to a prior lien, would constitute property additions if, but only if, provision for the payment or redemption of the outstanding prior lien bonds secured by such prior lien is made prior to or contemporaneously with such authentication by depositing irrevocably in trust with the Trustee or with the trustee or other holder of such prior lien funds in an amount sufficient for the purpose of paying or redeeming such prior lien bonds.

SECTION 4.03. Bonds of any one or more series may be authenticated and delivered under the provisions of this Article IV, from time to time, upon the basis of property additions for a principal amount not exceeding sixty per centum (60%) of the amount of unfunded net property additions.

SECTION 4.04. No bonds shall be authenticated and delivered on the basis of property additions or of the deposit of cash unless, as shown by a net earnings certificate, the net earnings shall have been, for the period referred to in such certificate, not less than the interest earnings requirement as defined in subdivision III of Section 1.03 hereof.

SECTION 4.05. No application by the Company to the Trustee for the authentication and delivery of bonds hereunder upon the basis of property additions shall be granted by the Trustee until the Trustee shall have received or unless the Trustee shall receive concurrently with the granting of such application:

(1) A resolution requesting the Trustee to authenticate and deliver bonds and (a) specifying the principal amount of bonds called for, the series thereof, and any other matters with respect thereto required or permitted by this Indenture, and (b) specifying the officer, or officers, of the Company to whom, or upon whose written order, such bonds shall be delivered.

(2) A treasurer's certificate, dated within ten (10) days of the date of such application, stating that, so far as known to the signers, the Company is not, and upon the granting of the application will not be, in default in the performance of any of the covenants or provisions of this Indenture.

(3) An engineer's certificate, dated within ten (10) days of the date of such application, stating:

(a) the amount of net property additions stated pursuant to subdivision (h) of this paragraph (3) in the most recent certificate, if any, theretofore filed complying with the requirements of this paragraph (3);

(b) the cost of each of the gross property additions made or acquired by the Company or becoming such during the period covered by the certificate then being given under this paragraph (3), or concurrently being acquired or becoming such, described as hereinafter provided, other than property additions, if any, theretofore specified in accordance with this sub-division (b) in a certificate filed complying with the requirements of this paragraph (3) as property additions as authorized by the last paragraph of Section 1.10; such period shall be deemed to be the period commencing with the termination of the period covered by the most recent certificate filed complying with the requirements of this paragraph (3) or, if no such certificate has been filed, commencing with January 1, 1941, and terminating on a date, designated in the certificate then being filed, which shall be within ninety (90) days of the date of the certificate then being filed; and the cost so certified as to such property additions as constitute plant or property operated by others, shall be the amount certified as the cost of such property additions in the independent public accountant's certificate provided for in subdivision (b) of paragraph (5) of this Section;

(c) as to each of the gross property additions described in the certificate, the original fair value of such property addition (if the same has not been retired), which original fair value, in the case of a property addition constituting plant or property operated by others, shall be the original fair value thereof as certified in the independent engineer's certificate provided for in subdivision (a) of paragraph (5) of this Section;

(d) the amount of such gross property additions;

(e) which, if any, of such gross property additions consists of plant or property operated by others;

(f) the retirements, described as hereinafter provided, during the period covered by the certificate;

(g) the amount of net property additions, if any, during the period covered by the certificate;

(h) the amount of net property additions as of the date of termination of the period covered by the certificate;

(i) the amount of unfunded net property additions as of the date of the certificate and the computation thereof in the manner provided by Section 1.11 hereof;

(j) the amount of unfunded net property additions, if any, made the basis for the application of which the certificate is a part; and

(k) an amount equal to the excess, if any, of the amount stated pursuant to the foregoing subdivision (i) over the amount if any, stated pursuant to the foregoing subdivision (j).

Such certificate shall state that the properties described therein as property additions pursuant to subdivision (b) thereof are or, concurrently with the granting of the application, will become property additions; that no portion of the amount thereof has been included in subdivision (b) in any other certificate filed with the Trustee complying with the requirements of this paragraph (3) of this Section; that the items of property described in such certificate as property additions are desirable in the conduct of the business of the Company, and are not subject to any prior lien, or that a portion thereof (which portion shall be specified and described) is subject to a prior lien or liens (the amount of prior lien bonds secured by and the nature of which prior liens shall also be specified and described) and that the provisions of Section 7.05 were complied with in acquiring such property; that since the termination of the period covered by such certificate the Company has not made retirements in excess of the sum of the amount certified pursuant to subdivision (k) of this paragraph (3) of this Section and the amount of the gross property addi-

tions made since such termination; and that no portion of the cost of the property additions described in such certificate should properly have been charged, and that no portion has been charged, to maintenance or to any other expense account. Property additions and retirements shall be described for the purposes of such certificate by stating the descriptive name or title of the account or accounts (and subdivisions thereof applicable thereto) under or pursuant to any system of accounting with which the Company is compelled to comply by any provision of law or, if the Company is not subject to any such requirement, any standard system of accounting in general use by companies doing a similar business, to which the cost of such property additions has been charged or allocated or to which such retirements have been credited or allocated, except that any property additions consisting of plant or property operated by others shall be briefly and separately described. For the purposes of such certificate there may be considered as a single property addition or retirement any and all items of property included under the same account (or subdivision of an account, if applicable), under or pursuant to any such system of accounting, except that any single item of property costing more than \$10,000 shall be treated as a separate property addition or retirement in such certificate, if practicable.

(4) An accountant's certificate certifying to the correctness of the amount certified as the cost of each of the gross property additions described pursuant to subdivision (b) of paragraph (3) of this Section and of the amount certified as retirements pursuant to subdivision (f) of paragraph (3) of this Section. Such certificate shall also state, for the period since the end of the last calendar year covered by the last maintenance certificate filed with the Trustee and up to the last day of the calendar month preceding the date of such certificate to which the information is reasonably available, (i) the amount applied by the Company for maintenance and renewals and replacements, as defined in Section 7.07 hereof, and (ii) 16% of the gross operating revenues derived by the Company from the mortgaged and pledged property (other than specially classified property), after deduction from such revenues of the aggregate cost of electric energy, gas and steam purchased for resale. The fact that additional information is required by the preceding sentence to be furnished

to the Trustee shall not be deemed to be relevant to and shall not affect the computations of the amount of gross property additions, retirements, net property additions or unfunded net property additions, at any date or for any period, or any action to be taken by the Trustee or the obligations of the Company under Section 7.07 hereof.

(5) In case any property described as property additions is shown by the engineer's certificate provided for in paragraph (3) of this Section to consist of plant or property operated by others, there shall be furnished to the Trustee certificates, dated within ninety (90) days of the date of the engineer's certificate provided for in paragraph (3) of this Section, as follows:

(a) an independent engineer's certificate which shall contain a statement of the signer's opinion of the original fair value of the property described as property additions referred to in subdivision (e) of the engineer's certificate provided for in paragraph (3) of this Section [and, in case the application requests the authentication and delivery of bonds to be issued hereunder, and not otherwise, of any other property additions, which, within six months prior to the date of actual acquisition thereof by the Company, have been used or operated by others in a business similar to that in which they have been or are to be used or operated by the Company, the subjection of which to the lien of this Indenture has, since the commencement of the then current calendar year, been made the basis for the authentication of bonds, the withdrawal of cash or the release of property or securities subject to the lien of this Indenture and as to which an independent engineer's certificate has not previously been furnished], a brief statement of the considerations governing the signer's determination of such original fair value, a brief statement of the condition, serviceability and general location of such properties described as property additions, a statement of the signer's opinion as to the original fair value of the other property, tangible and intangible, if any, acquired as a part of the transaction by which such properties described as property additions were acquired; and a statement that such properties described as property additions are or, concurrently with the granting of the application, will become property additions; and

(b) in case the application requests the authentication and delivery of bonds to be issued hereunder, the principal amount of which, together with the principal amount of all bonds authenticated and delivered hereunder since the commencement of the then current calendar year (other than those with respect to which an independent public accountant's certificate has previously been furnished), is 10% or more of the aggregate principal amount of bonds at the time outstanding hereunder, and not otherwise, an independent public accountant's certificate stating in the signer's opinion the cost to the Company of each of the properties described as property additions referred to in the independent engineer's certificate provided for in subdivision (a) of this paragraph (5).

(6) A net earnings certificate dated within ten (10) days of the date of such application, showing the earnings of the Company to be as required by Section 4.04 hereof.

(7) An opinion of counsel specifying the instruments of conveyance, assignment and transfer necessary to vest in the Trustees, to hold as part of the mortgaged and pledged property hereunder, all the right, title and interest of the Company in and to the property which is described as property additions in subdivision (b) of the engineer's certificate provided for in paragraph (3) of this Section and which is still owned by the Company and which has not been retired or released from the lien hereof, or stating that no such instruments are necessary for such purpose, and also stating the signer's opinion (a) that this Indenture is or, upon the delivery of the instruments of conveyance, assignment or transfer mentioned in said opinion, will be a lien on such property, and that the Company has or, upon delivery of such instruments, will have title to such property, subject to no lien, charge or encumbrance thereon prior to the lien of this Indenture, except excepted encumbrances and the prior liens, if any, referred to in the accompanying engineer's certificate, and that, upon the recordation or filing, in the manner stated in such opinion, of the instruments so specified, if any, and, upon the recordation or filing of this Indenture or any supplemental indenture in the manner stated in such opinion, or without any such recordation or filing, if such opinion shall so state, no further recording or re-recording or filing or re-filing (except such as may be referred to in such opinion) of this Indenture or any other instrument is required to maintain the lien

of this Indenture upon such property as against all creditors and subsequent purchasers and encumbrances, subject to said excepted encumbrances and prior liens, (b) that such of such property as consists of betterments, extensions, or improvements of, or additions to any plant, system or other property in which the Company holds only a leasehold interest constitutes personal property; (c) that the total amount of cash, if any, required to be deposited to provide for the payment, redemption or cancellation of prior lien bonds secured by such prior liens as are specified in the accompanying engineer's certificate is the amount specified in such opinion and that upon deposit thereof in trust with the Trustee hereunder, or with the trustee or other holder of the mortgage or other lien securing such prior lien bonds, together with irrevocable authority and direction by the instruments specified in said opinion for the purpose of paying, redeeming, discharging and cancelling such prior lien bonds, such property will cease to be subject to any such prior lien; (d) that the Company has corporate authority and all necessary permission from governmental authorities to acquire, own and operate such property; and (e) that the determination of the cost of any property as stated in the certificates furnished pursuant to paragraphs (3), (4) and (5) of this Section was not inconsistent with the order, if any, of each governmental authority approving the transaction or transactions by which the property was acquired or authorizing the ownership or operation thereof. Unless such opinion shall show that no consent or approval of any governmental authority is requisite to the acquisition, ownership or operation of the property described as property additions in subdivision (b) of the engineer's certificate provided for in paragraph (3) of this Section, it shall specify and be accompanied by any officially authenticated certificates, or other documents, by which such consent or approval is or may be evidenced.

(8) An opinion of counsel to the effect that (a) all recording and other taxes required by law to be paid in connection with the issuance of such bonds or for the effectiveness of the lien of this Indenture as security for such bonds have been paid or specifying what provision for the payment thereof has been made (which provision shall be satisfactory to the Trustee), or that no tax is required by law to be paid; (b) the issue of the bonds, the authentication and delivery of which are being applied for, has been duly authorized by the Company and by any and all

governmental authorities, the consent of which is requisite to the legal issue of such bonds, or that no consent of any governmental authority is requisite to the legal issue of such bonds; and (c) all of the requirements of this Indenture and of law for the due and lawful issue, authentication and delivery of such bonds have been duly complied with and such bonds, when issued, authenticated and delivered, will be the valid and legal obligations of the Company entitled to all the benefits and security of this Indenture and entitled to the benefit of the lien hereof on all of the mortgaged and pledged property with the same degree of priority as all other bonds then issued and outstanding hereunder, and that (such opinion to be based, as to all of said property as to which no opinion of counsel as to the Company's title thereto is concurrently being given to the Trustee, upon prior opinions of counsel delivered to the Trustee and upon representations by the Company, all as specified) such lien is subject to no prior lien, charge or encumbrance other than excepted encumbrances and the prior liens, if any, specified in such opinion. Unless such opinion shall show that no consent or approval of any governmental authority is requisite to the legal issue of such bonds, it shall specify and be accompanied by any officially authenticated certificates or other documents by which such consent or approval is or may be evidenced.

(9) The instruments of conveyance, assignment and transfer (or copies thereof, certified by the Secretary or an Assistant Secretary of the Company, if the originals are not to be delivered to the Trustee) if any, described in the opinion of counsel provided for in paragraph (7) above.

(10) The cash, if any, specified in the opinion of counsel provided for in paragraph (7) above (or, in lieu of such cash, a certificate of the trustee or other holder of the prior lien with whom the deposit has been made to the effect that such deposit in trust has been made), together with the instrument or instruments, if any, specified in said opinion of counsel, authorizing and directing the use of said money in accordance therewith (or, if said money has been deposited in trust with the trustee or other holder of the prior lien, a copy of such instrument or instruments, if any, certified by the Secretary or an Assistant Secretary of the Company).

ARTICLE V.**Issuance of Bonds Upon Retirement of Bonds Previously
Outstanding Hereunder.**

SECTION 5.01. Bonds in addition to those provided for in Articles III and IV hereof and of any one or more series may, from time to time, be executed by the Company and delivered to the Trustee, and shall be authenticated by the Trustee and delivered from time to time to, or on the written order of, the Company upon the basis of bonds authenticated and delivered hereunder which have been paid, retired, redeemed or cancelled or surrendered to the Trustee for cancellation or for the payment of which at maturity, together with the interest due or to become due thereon, or for the redemption of which, sufficient cash has been deposited with the Trustee irrevocably in trust for such purpose, but only in accordance with and subject to the conditions, provisions and limitations set forth in the next succeeding sections of this Article V.

SECTION 5.02. Bonds of any one or more series shall be authenticated and delivered under the provisions of this Article V, subject to the conditions of Sections 5.03 and 5.04 hereof, in principal amount equivalent to the principal amount of bonds authenticated and delivered hereunder which have been paid, retired, redeemed, cancelled or surrendered for cancellation (except when cancelled pursuant to the provisions of Section 2.12 or 5.04 hereof, or pursuant to the provisions of Section 10.03 or 10.04 or paragraph (2) of Section 10.05 hereof to obtain the release of property or the withdrawal of cash, or through the use of cash pursuant to the provisions of paragraph (3) or (4) of Section 10.05 hereof and except bonds cancelled, or then held by the Trustee, pursuant to the provisions of Section 7.07 hereof), or for the payment at maturity or redemption (other than a payment or redemption pursuant to the provisions of paragraph (4) of Section 10.05 hereof and other than a redemption pursuant to the provisions of Section 2.12 or 7.07 hereof) of which, with the interest, and premium, if any, due or to become due thereon, cash is then held, in trust, by the Trustee. Such authentication shall be made upon the application of the Company evidenced by a resolution such as is described in paragraph (1) of Section 4.05 hereof and upon receipt by the Trustee of a treasurer's certificate and an opinion of counsel such as are described

respectively in paragraph (2) of Section 4.05 hereof and paragraph (8) of Section 4.05 hereof and of a further treasurer's certificate stating

(a) the aggregate principal amount of bonds authenticated and delivered hereunder which have been paid, retired, redeemed, cancelled or surrendered to the Trustee for cancellation or for the payment or redemption of which cash is then held in trust by the Trustee and made the basis of such application; and

(b) that such bonds have not theretofore been cancelled pursuant to the provisions of Section 2.12 or 5.04 hereof, or pursuant to the provisions of Section 10.03 or 10.04 or paragraph (2) of Section 10.05 hereof to obtain the release of property or the withdrawal of cash, or through the use of cash pursuant to the provisions of paragraph (3) or (4) of Section 10.05 hereof, that such bonds have not been paid or redeemed pursuant to the provisions of Section 2.12 hereof or paragraph (4) of Section 10.05 hereof, that such bonds have not been cancelled and are not then held by the Trustee pursuant to the provisions of Section 7.07 hereof, and (unless withdrawn as permitted by Section 7.07 hereof) that such bonds have not been redeemed pursuant to the provisions of Section 7.07 hereof;

(c) the aggregate principal amount of bonds authenticated and delivered hereunder but never *bona fide* issued by the Company which have been cancelled and which form part of the bonds made the basis of such application.

SECTION 5.03. (a) In case there shall have been delivered to the Trustee pursuant to any provision of this Indenture, subsequent to such payment, retirement, redemption, cancellation or surrender for cancellation of bonds or to the deposit of money for such purpose, a net earnings certificate in which the annual interest charges on such bonds shall not have been included, or (b) in case bonds authenticated and delivered by the Trustee but never *bona fide* issued by the Company are being made the basis of the issuance under this Article V of bonds bearing an interest rate higher than that borne by such bonds made the basis for the issuance thereof, the Company covenants that it will not execute or request the Trustee to authenticate and deliver and the Trustee shall not authenticate and deliver additional bonds pursuant to the provisions of this Article V upon the basis of any of the bonds falling within the classes described in clauses (a) and (b)

of this Section, unless the Trustee shall also have received a net earnings certificate dated not more than ten days prior to the date of such application, showing the earnings of the Company to be as required by Section 4.04 hereof. Bonds issued merely by way of pledge shall not be deemed to have been *bona fide* issued for the purposes of this Section.

SECTION 5.04. Bonds made the basis of the issuance of bonds pursuant to the provisions of this Article V shall be cancelled and shall not thereafter be made the basis for the authentication of bonds, the withdrawal, use or application of cash or the release of property, under any of the provisions of this Indenture, or used to satisfy an unsatisfied balance of the maintenance and replacement requirement or to satisfy the requirements of Section 2.12.

ARTICLE VI.

Issuance of Bonds Upon Deposit of Cash With Trustee.

SECTION 6.01. The Trustee shall from time to time upon the request of the Company authenticate and deliver bonds, in addition to those provided for in Articles III, IV and V hereof and of any one or more series, upon the deposit by the Company with the Trustee for such purpose of an amount of cash equal to the aggregate principal amount of the bonds so requested to be authenticated and delivered but only after the Trustee shall have received:

- (1) a resolution such as is described in paragraph (1) of Section 4.05 hereof;
- (2) a treasurer's certificate such as is described in paragraph (2) of Section 4.05 hereof;
- (3) a net earnings certificate dated within ten (10) days of the date of such application, showing the earnings of the Company to be as required by Section 4.04 hereof; and
- (4) an opinion of counsel such as is described in paragraph (8) of Section 4.05 hereof.

SECTION 6.02. All cash deposited with the Trustee under the provisions of Section 6.01 hereof shall be held in trust by the Trustee as a part of the mortgaged and pledged property, but whenever the Company shall become entitled to the authentication and delivery of bonds

under the provisions of Article IV hereof, the Trustee, upon the application of the Company, evidenced by a resolution, shall pay over to the Company or upon its order, in lieu of each bond or fraction thereof to the delivery of which the Company may then be so entitled, a sum in cash equal to the principal amount of such bond or fraction thereof; provided, however, that, for the purpose of withdrawing cash pursuant to the provisions of this Section, it shall furnish to the Trustee the applicable certificates, opinions of counsel and instruments and cash, if any, required by paragraphs (2), (3), (4), (5), (7), (9) and (10) of Section 4.05 hereof.

SECTION 6.03. If at any time the Company shall so direct, any sums deposited with the Trustee under the provisions of Section 6.01 hereof may be withdrawn, used or applied in the manner and for the purposes and subject to the conditions provided in paragraph (2), (3) or (4) of Section 10.05 hereof.

ARTICLE VII.

Particular Covenants of the Company.

The Company hereby covenants as follows:

SECTION 7.01. That it is lawfully seized and possessed of the mortgaged and pledged property; that it will maintain and preserve the lien of this Indenture so long as any of the bonds issued hereunder are outstanding; that it has good right and lawful authority to mortgage and pledge the mortgaged and pledged property, as provided in and by this Indenture; that said mortgaged and pledged property is not subject to any lien prior in lien to the lien of this Indenture except (a) excepted encumbrances, and (b) the lien of the indenture dated the second day of April, 1928 made by Gulf Power Company to The National Park Bank of New York (now The Chase National Bank of the City of New York) and Ralph L. Cerero, as Trustees.

The Company agrees that, prior to or simultaneously with the authentication and delivery of any bonds hereunder, the Company, by proper resolution of its Board of Directors, will have called for redemption on or before April 1, 1942 all bonds now outstanding under said indenture referred to in clause (b) above and will have deposited with the trustee of said indenture funds sufficient for the redemption

of such bonds, in trust and accompanied by instructions expressed to be irrevocable to apply the same to and to effect such redemption, together with instructions expressed to be irrevocable to publish notice of such redemption in accordance with the terms of said indenture. At the earliest practicable date permitted by the terms of said indenture, the Company will procure from the trustee thereof, duly executed counterparts of an appropriate instrument evidencing the satisfaction and discharge of said indenture. Promptly after the receipt of such instrument of satisfaction and discharge, the Company will cause the same to be recorded in all places in which said indenture has been recorded. The Company further agrees that it will take or cause to be taken all such action, if any, necessary to effect such redemption and such discharge and satisfaction, and will furnish the Trustee with an opinion of counsel to the effect that said indenture has been satisfied and discharged.

SECTION 7.02. That (a) it will duly and punctually pay the principal of and premium, if any, and interest on all the bonds outstanding hereunder, according to the terms thereof, will not directly or indirectly extend or assent to the extension of the time for the payment of any coupon or claim for interest upon any of the bonds and will not directly or indirectly be a party to or approve of any arrangement for any such extension by purchasing said coupons or claims or in any other manner, and will pay interest on all overdue principal of the bonds (and, to the extent permitted by law, on all overdue installments of interest) at the rate of six per centum (6%) per annum; and that (b) unless it shall keep an office or agency at any and all places in which the principal of and premium, if any, or interest on any of the bonds shall be payable, where notices, presentations and demands to or upon the Company in respect of such bonds or coupons as may be payable at such places or in respect of this Indenture may be given or made, and from time to time give the Trustee written notice of the location of such office or offices or agency or agencies, any such notice, presentation or demand in respect of said bonds or coupons or of this Indenture may be given or made to or upon the Trustee, at its principal trust office, and the Company hereby authorizes such presentation and demand to be made to, and such notice to be served on, the Trustee in either of such events and the principal of and premium, if any, and interest on said bonds shall in such event be payable at said office of the Trustee.

As the coupons appurtenant to bonds are paid, they shall be cancelled and shall from time to time be delivered to the Trustee for cremation, and the Trustee shall deliver to the Company a certificate of such cremation.

If the time for the payment of any coupon or claim for interest upon any of the bonds shall be directly or indirectly extended or the extension thereof shall be assented to by the Company or the Company shall be a party to or approve of any arrangement for any such extension by purchasing said coupons or claims for interest or in any other manner, then, anything in this Indenture contained to the contrary notwithstanding, such coupon or claim for interest so extended shall not be entitled, in case of default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of all bonds issued and outstanding hereunder and all such coupons and claims for interest as shall not have been so extended.

SECTION 7.03. (a) That, if it shall appoint a paying agent other than the Trustee, it will cause such paying agent to execute and deliver to the Trustee an instrument in which it shall agree with the Trustee, subject to the provisions of this Section, (1) that such paying agent shall hold in trust for the benefit of the bondholders all sums held by such paying agent for the payment of the principal of or interest on the bonds (and premium, if any); and (2) that such paying agent shall give the Trustee immediate notice of any default by the Company or by any other obligor upon the bonds in the making of any such payment to or through such paying agent.

(b) That, if the Company acts as its own paying agent, it will, on or before the due date of each installment of principal, premium or interest on the bonds, set aside and segregate and hold in trust for the benefit of the bondholders a sum sufficient to pay such principal, premium, if any, or interest and will promptly notify the Trustee of such action, or of any failure to take such action.

(c) Anything in this Section to the contrary notwithstanding, the Company may at any time, for the purpose of obtaining a release or satisfaction of this Indenture or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by it or any paying agent as required by this Section, such sums to be held by the Trustee upon the trusts herein contained.

(d) Anything in this Section to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section is subject to the provisions of Section 13.02.

SECTION 7.04. (a) That it will pay all taxes and assessments lawfully levied or assessed upon the mortgaged and pledged property, or upon any part thereof or upon any income therefrom, or upon the interest of the Trustees in the mortgaged and pledged property, when the same shall become due; (b) that, subject to the provisions of Section 7.14, it will not suffer any lien (other than the lien of excepted encumbrances) to be hereafter created upon the mortgaged and pledged property, or any part thereof, or the income therefrom, prior to the lien of this Indenture, except any mortgage or other lien on any property hereafter acquired by the Company which may exist on the date of, or be created as a vendor's lien or as a purchase money mortgage or trust deed in connection with, such acquisition; (c) that, within four months after the accruing of any lawful claims or demands for payment for labor, materials, supplies or other objects, which if unpaid might by law be given precedence over this Indenture as a lien or charge upon the mortgaged and pledged property or the income thereof, the Company will pay or cause to be discharged or make adequate provision to satisfy or discharge the same; (d) that it will observe and conform to all valid requirements of any governmental authority relative to any of the mortgaged and pledged property, and all covenants, terms and conditions upon or under which any of the mortgaged and pledged property is held; (e) that it will comply with all valid laws of the United States of America and of any state or states thereof applicable to the Company and to the right of the Company to transact business under any such laws, and with all lawful ordinances, rules, orders and regulations of any commission, board or public authority having jurisdiction in the premises, in such form and manner as counsel may advise; (f) that it will do and perform all matters or things necessary or expedient to be done or observed by reason of any law of the United States of America, or any state thereof, or any other competent authority, for the purpose of creating, performing and maintaining the trust hereby created for the security of the payment of the bonds issued hereunder and the coupons thereto attached and to perform all the obligations hereby imposed upon the Company; (g) that it will keep its books, records and accounts in accordance with the valid orders, rules and regulations of each regulatory body that may from time to time have jurisdiction in respect

thereof and with which the Company is compelled to comply by any valid provision of law.

Provided, however, that nothing in this Section contained shall require the Company to observe or conform to any requirement of governmental authority or to cause to be paid or discharged, or to make provision for, any such lien or charge, or to pay any such tax or assessment, so long as the validity thereof shall be contested by it in good faith and by appropriate legal proceedings, and the security afforded by this Indenture shall not be endangered by any sale or otherwise on account thereof.

SECTION 7.05. That it will not acquire any property which at the time of acquisition thereof shall be or become subject to any lien or liens prior to the lien of this Indenture, other than excepted encumbrances, if, immediately subsequent to any such acquisition, the amount of outstanding prior lien bonds would exceed 15% of the amount of bonds at the time outstanding under this Indenture, unless at the date of acquisition of such property the principal amount of indebtedness secured by such lien or liens shall not exceed sixty per centum (60%) of the cost to the Company of the unfundable property so acquired which is of a character such that it would become property additions if it were not subject to a prior lien, and, if such property is of a character such that it would be plant or property operated by others if it were not subject to a prior lien or liens, unless the net earnings of such property, as of a date not exceeding ninety (90) days prior to the date of the acquisition thereof, shall have been at least equal to the interest earning requirement computed on all indebtedness secured by such prior lien or liens immediately subsequent to the time of the acquisition of such property in a manner similar to that set forth in Section 1.03 hereof; provided that indebtedness for the payment or redemption of which the necessary funds have been deposited in trust with the trustee or other holder of such prior lien or liens or with the Trustee hereunder shall not be deemed to be so secured by such prior lien or liens for the purpose of any such computation.

SECTION 7.06. That it will keep the mortgaged and pledged property insured against loss or damage, in the manner and to the extent that property of similar character is usually insured by companies similarly situated and operating like properties, by insurance companies believed by the Company to be responsible, any loss, except as

to materials and supplies and except any loss less than Fifty Thousand Dollars (\$50,000), to be made payable to the Trustee as its interest may appear, or to the trustee or other holder of any mortgage or other lien constituting a prior lien, if required by the terms thereof; or that it will, in lieu of or supplementing such insurance, in whole or in part, adopt and comply with some other method or plan of protection against loss or damage, approved by an independent engineer, which shall require the creation, investment and re-investment of funds to provide for the payment to the Trustee, or to the trustee or other holder of any mortgage or other lien constituting a prior lien, if required by the terms thereof, to the extent of such fund, in cash, of the amount made available under such method or plan by reason of loss or damage to property (except as to materials and supplies and except any loss less than \$50,000) to the extent of the amount of the total insurance (provided for under such method or plan and under the policies then in force, if any) on account of such loss or damage not otherwise paid to the Trustee, or to the trustee or other holder of any mortgage or other lien constituting a prior lien, if required by the terms thereof. No such method or plan shall be adopted by the Company unless, at the time of such adoption, there shall be delivered to the Trustee:

(1) An independent engineer's certificate:

(a) Describing in reasonable detail the proposed method or plan of protection against loss or damage;

(b) Stating that such method or plan is approved by the signer; and

(c) Stating that, in the opinion of the signer, such method or plan, in conjunction with other insurance then carried by the Company, if any, will provide reasonably adequate protection against loss or damage to all of the mortgaged and pledged property included therein, of the kind and to the extent that property of similar character is usually insured by companies similarly situated and operating like properties; and

(2) An opinion of counsel stating that in the opinion of the signer:

(a) Such method or plan described in the independent engineer's certificate, above referred to, requires the creation, investment and re-investment of a fund to provide for the payment to

the Trustee, or to the trustee or other holder of any mortgage or other lien constituting a prior lien, if required by the terms thereof, to the extent of such fund, in cash, of the amount made available under such method or plan by reason of loss or damage to property (except as to materials and supplies and except any loss less than \$50,000) to the extent of the amount of the total insurance (provided for under such method or plan and under the policies then in force, if any) on account of such loss or damage not otherwise paid to the Trustee, or to the trustee or other holder of any mortgage or other lien constituting a prior lien, if required by the terms thereof; and

(b) Under such method or plan, the rights of the Trustee in such fund are not subject to any rights prior thereto, except any prior lien and/or the rights of any trustee or other holder of any mortgage or other lien constituting a prior lien.

On April 1, 1942, and on April 1 in each year thereafter, the Company will file with the Trustee a certificate of an officer or agent of the Company containing a detailed list of the insurance, if any, then in effect upon the property of the Company on a date therein specified (which date shall be within thirty (30) days of the filing of such certificate), and said certificate of such officer or agent shall state that the provisions of this Section are being complied with. Subject to the provisions of Section 16.02 hereof, the Trustee shall be entitled to accept such list and certificate as satisfactory evidence of compliance by the Company with the provisions of this Section.

All money received by the Trustee pursuant to the provisions of this Section, except payments received on account of any loss of materials or supplies or on account of any loss of less than Fifty Thousand Dollars (\$50,000), shall, subject to the requirements of any mortgage or other lien constituting a prior lien, be held by the Trustee as a part of the mortgaged and pledged property, and be accompanied by a treasurer's certificate stating whether the property destroyed or damaged was fundable or unfundable property, and, subject as aforesaid, shall be paid by it to the Company, to reimburse the Company for an equal amount (irrespective of the values stated in the engineer's certificate provided for in this paragraph) spent by the Company in the rebuilding or renewal of the property destroyed or damaged, upon receipt by the Trustee of a request signed by the President or a Vice-

President for such reimbursement, a treasurer's certificate as required by paragraph (2) of Section 4. 05 hereof stating the amount so expended and the nature of such renewal or rebuilding, an engineer's certificate stating the current fair value of such renewal or rebuilding, and an opinion of counsel that the property so renewed or rebuilt is subject to the lien hereof to the same extent and with the same priority as was the property so destroyed or damaged. If the Company shall be in default hereunder, then notwithstanding the existence of such default, the Trustee may, upon compliance by the Company with the conditions other than those relating to the non-existence of a default, pay to the Company money held by it in the manner above provided if the Trustee in its discretion shall deem such payment for the best interests of the bondholders.

The Trustee shall pay over to the Company, by endorsement or otherwise, any payment received by it on account of any loss of materials or supplies or on account of any loss of less than Fifty Thousand Dollars (\$50,000) upon receipt by the Trustee of a treasurer's certificate to the effect that such payment represents the proceeds of insurance on account of loss of materials or supplies or on account of a loss of less than Fifty Thousand Dollars (\$50,000) and of an opinion of counsel. All such insurance money received by the Company shall be used by it for the rebuilding, renewal or replacement of property or for the acquisition of additional property.

Any such money not so applied within twelve months after its receipt by the Trustee, or in respect of which notice in writing (signed by an officer of the Company) of intention to apply the same to the work of rebuilding or renewal then in progress and uncompleted shall not have been given to the Trustee by the Company within such twelve months, or which the Company shall at any time notify the Trustee in writing is not to be so applied, shall thereafter, and may at any time subsequent to the receipt thereof by the Trustee, be withdrawn, used or applied in the manner and for the purposes and subject to the conditions provided in Section 10. 05 hereof.

The Trustee, subject to the provisions of Article XVI hereof, shall be in no way liable or responsible for the adjustment or collection of any insurance in case of any loss.

SECTION 7. 07. That (a) it will at all times maintain, preserve and keep the mortgaged and pledged property, with the appurtenances and every part and parcel thereof, in thorough repair, working order

and condition and equipped with suitable equipment and appliances; (b) it will make regular charges to expense for the establishment of a reasonably adequate reserve or reserves for depreciation, and from time to time will make all needful and proper repairs, retirements, renewals and replacements of the mortgaged and pledged property, so that at all times the value of the security for the bonds issued hereunder and the efficiency of the mortgaged and pledged property shall be fully preserved and maintained; (c) it will not charge to its property, plant and equipment accounts any expenditures which are properly chargeable to maintenance or repairs or to any other expense account in accordance with any system of accounting required by law to be followed by the Company or, in the absence of such requirement, in accordance with good accounting practice; and (d) it will promptly classify as retired all property that has permanently ceased to be used or useful in the Company's business. Nothing in this Section or elsewhere in this Indenture contained shall be construed to prevent the Company from ceasing to operate any of its plants or any other property, if, in the judgment of the Company, it is advisable not to operate the same and the operation thereof shall not be essential to the maintenance and continued operation of the rest of the mortgaged and pledged property and the security afforded by this Indenture will not be substantially impaired by the termination of such operation.

Without in anywise limiting the foregoing, the Company covenants that, so long as any bonds shall be outstanding under this Indenture, the sum of the amounts applied subsequent to December 31, 1940 for (a) maintenance and (b) renewals and replacements will, as of the end of each calendar year, equal an amount (herein sometimes called "the maintenance and replacement requirement") which shall be the greater of (a) sixteen per centum (16%) of the gross operating revenues derived by the Company subsequent to December 31, 1940 and up to the end of such calendar year from the mortgaged and pledged property (other than specially classified property), after deduction from such revenues of the aggregate cost of electric energy, gas and steam purchased for resale, or (b) the sum of the amounts equal to four per centum (4%) of the principal amount of the bonds outstanding hereunder at the end of each calendar year subsequent to December 31, 1940; or that, if at the end of any calendar year it has not subsequent to December 31, 1940 and up to the end of such calendar year applied for such purposes an amount equal to the maintenance and replacement requirement, it will, on or before the next succeeding June first, to the

extent of the difference, certify to the Trustee unfunded net property additions or deposit with the Trustee subject to the provisions of this Section cash or bonds issued hereunder then outstanding (taken at their principal amount).

For the purposes of this Section, the amount applied for maintenance during any period commencing with January 1, 1941 and ending with any December 31 thereafter, shall be deemed to be (in each case as of the termination of such period) the sum of (a) the amount expended by the Company for maintenance of the mortgaged and pledged property (other than specially classified property), (b) the amount expended by the Company for the maintenance of motor vehicles owned by it and used by it in the operation of any of the mortgaged and pledged property (other than specially classified property) and (c) the cost to the Company of all motor vehicles acquired by it and used by it in connection with the operation of any of the mortgaged and pledged property (other than specially classified property).

For the purposes of this Section, the amount applied for renewals and replacements during any period commencing with January 1, 1941 and ending with any December 31 thereafter, shall, except as otherwise provided in the next succeeding paragraph, be deemed to be (in each case as of the termination of such period):

(A) the cost of gross property additions (after deducting from such cost the aggregate amount which would be deducted pursuant to subparagraphs (a) and (b) of Section 1.11 hereof in determining unfunded net property additions) up to but not exceeding

(B) retirements, less the consideration certified to the Trustee pursuant to Section 10.03, 10.04 or 10.06 hereof upon the release of fundable property retired (provided that, if the Company shall be required or permitted by any of the provisions of this Indenture in connection with a release to deposit with the Trustees, or either of them, any money or other property or to certify any unfunded net property additions in addition to the consideration received by the Company for the property released, the amount of such money, property and/or unfunded net property additions shall not be included in the consideration to be deducted from retirements as aforesaid and, provided further, that the amount to be deducted from retirements as aforesaid shall not in any instance exceed the cost of the retirement).

If the Company shall acquire any property which does not constitute property additions solely because it is subject to a prior lien, then, so long as such property shall be subject to such prior lien, the amount of prior lien bonds secured thereby (or an appropriate fractional part of such amount if such property has been acquired as of a date other than the first day of January) shall be added to the amount of bonds outstanding hereunder for the purpose of computing the maintenance and replacement requirement and there may be included in the amount applied for maintenance, renewals and replacements and certified as unfunded net property additions to satisfy any unsatisfied balance, as hereinafter defined, the amount applied for maintenance, renewals and replacements of, and of net additions to, as the case may be, such property subsequent to the date of actual acquisition of the property subject to such prior lien and the amount of cash or bonds (taken at their principal amount) secured by such prior lien deposited with the trustee or other holder of such prior lien, subsequent to such date, pursuant to a requirement of such prior lien similar in purpose to that of this Section, up to but not exceeding the percentage of the maintenance and replacement requirement subsequent to such date which the total cost of such property subject to such prior lien is of the sum of (a) one hundred and sixty-six and two-thirds per centum ($166\frac{2}{3}\%$) of the principal amount of the bonds outstanding hereunder on the date of the acquisition of such property and (b) the cost of such property. The certificates, opinions and other items required to be delivered to the Trustee to comply with the requirements of this Section and Section 4.05 may contain such appropriate modifications from the contents thereof otherwise required by the provisions of this Indenture applicable thereto as may be necessary to permit of the operation of the provisions of this paragraph.

In furtherance of the foregoing covenants, the Company will, on or before June 1, 1942 and on or before June first of each calendar year thereafter, furnish to the Trustee a maintenance certificate showing separately:

- (1) an amount which shall be equal to sixteen per centum (16%) of the gross operating revenues derived by the Company, subsequent to December 31, 1940 and prior to the January 1 next preceding the date of the certificate, from the mortgaged and pledged property (other than specially classified property), after deduction from such revenues of the aggregate cost of electric energy, gas and steam purchased for resale;

(2) the sum of the amounts equal to four per centum (4%) of the principal amount of the bonds outstanding hereunder at the end of each calendar year subsequent to December 31, 1940 and prior to the January 1 next preceding the date of the certificate;

(3) the amount specified in paragraph (1) or paragraph (2), whichever shall be greater;

(4) the amount specified pursuant to paragraph (3) in the maintenance certificate filed in the preceding year, if any;

(5) the difference between the amount specified in paragraph (3) above and the amount specified in paragraph (4) above;

(6) the amount applied for (a) maintenance and (b) renewals and replacements, subsequent to December 31, 1940 and prior to the January 1 next preceding the date of the certificate;

(7) the amount specified pursuant to paragraph (6) in the maintenance certificate filed in the preceding year, if any;

(8) the difference between the amount specified in paragraph (6) above and the amount specified in paragraph (7) above;

(9) any available maintenance credit, as hereinafter defined, and the computation thereof;

(10) the maintenance credit or unsatisfied balance, as hereinafter defined.

The term "maintenance credit" shall mean the excess, if any, of the sum of the amounts stated pursuant to paragraphs (8) and (9) above over the amount stated pursuant to paragraph (5) above, and the term "available maintenance credit" shall mean the amount of the maintenance credit, if any, stated in paragraph (10) of the last maintenance certificate theretofore filed, less the principal amount of bonds and cash thereafter withdrawn and the amount of unfunded net property additions thereafter offset upon the basis of such maintenance credit as hereinafter in this Section provided.

The term "unsatisfied balance" shall mean the excess, if any, of the amount stated pursuant to paragraph (5) above over the sum of the amounts stated pursuant to paragraphs (8) and (9) above.

The term "maintenance certificate", as used in this Section and elsewhere in this Indenture, shall mean an accountant's certificate filed by the Company with the Trustee pursuant to this Section.

In case any maintenance certificate shows an unsatisfied balance, the Company covenants that it will, concurrently with the filing of such certificate, satisfy such unsatisfied balance by any one or more of the following methods:

- depositing cash with the Trustee;
- depositing with the Trustee bonds issued and outstanding hereunder; or
- certifying to the Trustee unfunded net property additions

in an amount or amounts equal to the amount of such unsatisfied balance.

For the purpose of computing the amount of any deposit or certification for the purposes of this Section, bonds issued hereunder and deposited with the Trustee shall be included at the principal amount thereof.

No unfunded net property additions shall be certified to satisfy any unsatisfied balance unless there shall be delivered to the Trustee, with such certification, the applicable certificates and opinion of counsel, and instruments and cash, if any, required by paragraphs (3), (4), (5), (7), (9) and (10) of Section 4.05 hereof (except that property which would be a property addition except for the fact that it is subject to a prior lien shall be separately described and may be included as a property addition under the circumstances and to the extent set forth in the fifth paragraph of this Section) showing that the Company has unfunded net property additions equal to the amount so certified.

The Trustee shall hold any cash deposited with it under the provisions of this Section as a part of the mortgaged and pledged property until paid out as hereinafter provided. Upon receipt by the Trustee of the written order of the Company, signed by its President or a Vice-President, of a treasurer's certificate such as is described in paragraph (2) of Section 4.05 hereof, and of an opinion of counsel, cash deposited under the provisions of this Section may

(x) be withdrawn by the Company in an amount equal to any available maintenance credit; or

(y) be withdrawn by the Company to the extent of the amount of unfunded net property additions certified for the pur-

pose, but only upon receipt by the Trustee of the applicable certificates, opinion of counsel and instruments and cash, if any, required by paragraphs (3), (4), (5), (7), (9) and (10) of Section 4.05 hereof; or

(z) be withdrawn by the Company or used or applied in accordance with the provisions of paragraphs (2), (3) or (4) of Section 10.05 hereof, except that any premium required to be paid to purchase or redeem bonds shall be paid out of funds held by the Trustee under this Section and the Company shall not be required to furnish the Trustee with additional funds for such purpose or to reimburse the Trustee or the maintenance and replacement fund for moneys so paid out. Interest and expenses in connection with purchases or redemptions of bonds made with cash deposited pursuant to this Section shall be dealt with as provided in Section 9.05 hereof.

The amount of unfunded net property additions which has been certified to satisfy any unsatisfied balance or to withdraw any cash deposited with the Trustee pursuant to this Section may be offset, for the purpose of computing thereafter the amount of unfunded net property additions, in an amount equal to any available maintenance credit or to the principal amount of bonds issued and outstanding hereunder deposited with the Trustee for such purpose. Such offset shall become effective upon the filing with the Trustee of (i) a treasurer's certificate stating the amount of unfunded net property additions theretofore certified for such purposes to be offset and the manner in which such offset is to be effected and (ii) an opinion of counsel. If such offset is to be effected by the deposit of bonds, such treasurer's certificate shall be accompanied by such bonds.

Bonds deposited with the Trustee pursuant to this Section, or purchased or redeemed by the use of cash deposited pursuant to this Section, shall be held by the Trustee until withdrawn (or canceled) as hereinafter provided and, while so held, shall not be made the basis for the authentication of bonds, the withdrawal, use or application of cash or the release of property, under any of the provisions of this Indenture, or used to satisfy an unsatisfied balance or to satisfy the requirements of Section 2.12. Any bonds deposited with or purchased or redeemed by the Trustee pursuant to this Section may be withdrawn (unless canceled as hereinafter provided) by the Company, upon receipt by the Trustee of the written order of the Company signed

by its President or a Vice-President, of a Treasurer's certificate such as is described in paragraph (2) of Section 4.05 hereof and of an opinion of counsel, in principal amount equal to (i) any available maintenance credit or (ii) the amount of cash deposited with the Trustee to be held by it pursuant to the provisions of this Section until withdrawn, used or applied as provided in this Section. No payment by way of principal, interest or otherwise on any bonds so held by the Trustee shall be made or demanded by the Trustee while so held and the coupons thereto appertaining as they mature shall be cancelled and cremated by the Trustee.

At the option of the Company, bonds deposited with or purchased or redeemed by the Trustee pursuant to this Section shall, upon receipt by the Trustee of the written order of the Company signed by its President or a Vice-President, be cancelled by the Trustee and, if so cancelled, shall not thereafter be made the basis for the authentication of bonds, the withdrawal, use or application of cash or the release of property, under any of the provisions of this Indenture, or used to satisfy the requirements of Section 2.12 or to satisfy an unsatisfied balance.

Subject to the provisions of Article XVI hereof, the Trustee may accept said maintenance certificate and any other documents delivered to it under this Section as conclusive evidence of any matter or fact therein set forth, and, subject as aforesaid, shall not incur any liability or responsibility for any action taken or omitted to be taken in reliance thereon.

SECTION 7.08. That, subject to the provisions of Articles X and XV hereof and except as herein otherwise provided or permitted either expressly or by implication, it will at all times maintain its corporate existence and right to carry on business and will use its best efforts to maintain, preserve and renew all the rights, powers, privileges and franchises owned by it; provided that the Company may amend, surrender, abandon or otherwise terminate any right, power, privilege or franchise, whenever the Company shall contemporaneously, or as a part of the same transaction, obtain or shall previously have obtained a new and, in the opinion of a majority of the Board of Directors, an equally advantageous right, power, privilege or franchise under which the Company may continue to perform the service and conduct the business theretofore performed or conducted under or by virtue of the right, power, privilege or franchise, amended, surrendered, abandoned

or terminated, or whenever the right, power, privilege or franchise to be amended, surrendered, abandoned or terminated can no longer be profitably exercised or availed of or shall not be essential to the maintenance and continued use of the rest of the mortgaged and pledged property, and consequently the security afforded by this Indenture would not be substantially impaired.

SECTION 7.09. That, if it shall fail to perform any of the covenants contained in Sections 7.04, 7.06, 7.07(a), 7.08 and 7.10 hereof, the Trustee may borrow from itself in its individual capacity or from any other bank or trust company or from any other person to make advances to perform such covenants in behalf of the Company; and all sums so advanced shall be at once repayable by the Company, and shall bear interest at the rate of six per centum (6%) per annum until paid, and shall be secured hereby, having the benefit of the lien hereby created in priority to the indebtedness evidenced by the bonds and coupons issued hereunder, but no such advance shall be deemed to relieve the Company from any default hereunder.

SECTION 7.10. That it will cause this Indenture and every additional instrument which shall be executed pursuant to the terms hereof at all times to be recorded and filed in such manner and in such places as may be provided by law in order to preserve the lien of the same upon all the mortgaged and pledged property and in order fully to preserve and protect the security of the bondholders and all rights of the Trustees, and that it will pay any mortgage recording tax and filing fees in connection with such recording and filing.

SECTION 7.11. That it will furnish to the Trustee

(i) Promptly after the execution and delivery of this Indenture and of each supplemental indenture, an opinion of counsel either stating that in the opinion of such counsel this Indenture or such supplemental indenture has been properly recorded and filed so as to make effective the lien intended to be created thereby, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to make such lien effective. It shall be a compliance with this subsection (i) if (1) the opinion of counsel herein required to be delivered to the Trustee shall state that this Indenture or

such supplemental indenture has been received for record or filing in each jurisdiction in which it is required to be recorded or filed and that, in the opinion of counsel (if such is the case), such receipt for record or filing makes effective the lien intended to be created by this Indenture or such supplemental indenture, and (2) such opinion is delivered to the Trustee within such time, following the date of the execution and delivery of this Indenture or such supplemental indenture, as shall be practicable having due regard to the number and distance of the jurisdictions in which this Indenture or such supplemental indenture is required to be recorded or filed; and

(ii) Annually after the execution and delivery of this Indenture, an opinion of counsel either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording and re-filing of this Indenture and of each supplemental indenture, as is necessary to maintain the lien thereof, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such lien. Such opinion shall be delivered to the Trustee within three (3) months after each anniversary of the execution and delivery of this Indenture.

SECTION 7. 12. That it will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectually the purposes of this Indenture, or to transfer to any new trustee or trustees the estate, powers, instruments or funds held in trust hereunder. It is intended that, subject to the provisions of Section 15. 04 hereof, all property, both real and personal, which hereafter may be acquired by the Company, shall, subject to the limitations and exceptions hereinabove provided, immediately upon the acquisition thereof by the Company, to the extent of such acquisition and without further covenant or assignment, become and be subject to the lien of this Indenture as fully and completely as though now owned by the Company and specifically described in the granting clauses hereof, but at any and all times the Company will execute such further instruments and do such further acts as may be reasonably necessary or proper for the purpose of expressly and specifically subjecting the same to the lien of this Indenture in the manner and to the extent hereinabove provided.

SECTION 7. 13. That, whenever necessary to avoid or fill a vacancy in the office of Trustee, the Company will, in the manner provided in Section 16. 18, appoint a Trustee so that there shall at all times be a Trustee hereunder which shall at all times be a corporation organized and doing business under the laws of the United States or of any State or Territory or of the District of Columbia, with a combined capital and surplus of at least Five Million Dollars (\$5,000,000), and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority.

SECTION 7. 14. (a) That it will not permit any default in the payment, when the same becomes due, of principal of or premium, if any, or interest on any outstanding prior lien bonds; (b) that it will not issue, or permit to be issued, any bonds hereunder in any manner other than in accordance with the provisions of this Indenture and that it will faithfully observe and perform all the conditions, covenants and requirements of this Indenture and of all indentures supplemental hereto and of the bonds issued hereunder; that, upon the cancellation and discharge of any prior lien, or upon the release in any other way of prior lien bonds deposited with the trustee or other holder of any other prior lien, it will cause any other prior lien bonds so released or held by the trustee or other holder of the prior lien so cancelled or discharged to be deposited with the Trustee hereunder to be held under the provisions of Article X hereof, provided that such bonds may be deposited with the trustee or other holder of any other prior lien if required by the terms thereof; that, upon the cancellation and discharge of any prior lien, it will cause any cash or securities held by the trustee or other holder of such prior lien to be deposited with the Trustee hereunder (unless such cash or securities is required to be deposited with the trustee or other holder of another prior lien) to be held and disposed of by it in the manner provided by Article X hereof; (c) that it will not permit the amount of prior lien bonds outstanding to be increased unless (1) such prior lien bonds representing such increase shall be issued in replacement of or in exchange for outstanding prior lien bonds on the exercise by a holder or holders of such outstanding prior lien bonds of a right contained in the prior lien securing the same to make such replacement or exchange, or unless (2) such prior lien bonds representing such increase shall be deposited with the Trustee to be held under the provisions of Article X hereof, or unless

(3) such prior lien bonds representing such increase shall be deposited with the trustee or other holder of the prior lien securing prior lien bonds (under conditions such that no transfer of ownership or possession of such prior lien bonds representing such increase by the trustee or other holder of such prior lien is permissible except upon a default thereunder or except to the Trustee hereunder to be held subject to the provisions of Article X hereof or to the trustee or other holder of the prior lien securing the same for cancellation or to be held uncanceled under the terms of such prior lien under like conditions), or unless (4) such prior lien bonds representing such increase shall be issued to refund a like principal amount of prior lien bonds theretofore or concurrently therewith paid, redeemed or otherwise retired by the Company or as to which provision is made for such payment, redemption or retirement, or unless (5) such prior lien bonds representing such increase shall be issued upon the basis and in principal amount not in excess of sixty per centum (60%) of the cost or original fair value (whichever is less) of property (acquired, made or constructed by the Company, subsequent to the acquisition of property subject to such prior lien) of a character such that it would constitute a property addition if it were not subject to such prior lien (after deduction of all items which would constitute retirements to the property subject to such prior lien if such property were not subject to such prior lien) and which property would be, in the opinion of counsel, subject to the lien of such prior lien prior to the lien of this Indenture, whether or not such property was made the basis for the issuance of said additional bonds, provided that no such additional prior lien bonds shall be issued upon the basis of property unless the net earnings of the Company are as required by the provisions of Section 4.04 hereof (including as though issued prior lien bonds proposed then to be issued by the Company); and prior to the issuance of any prior lien bonds as permitted by the provisions of this subdivision (5), the Company shall notify the Trustee of its intention to issue such bonds and shall furnish to the Trustee (i) an opinion of counsel stating that such property would be subject to the lien of such prior lien prior to the lien of this Indenture whether or not such property was made the basis for the issuance of said additional bonds, (ii) a net earnings certificate showing the net earnings of the Company to be as required by Section 4.04 hereof (including as though issued prior lien bonds proposed then to be issued by the Company) and (iii) a treasurer's certificate stating that the issuance of said additional bonds will not violate any

of the provisions of this Indenture; (d) that it will not apply under any provision of this Indenture for the authentication and delivery of any bonds or the withdrawal, use or application of cash or the release of property by reason of the deposit with the Trustee of prior lien bonds in accordance with the provisions of this Section; and (e) that it will not apply, on the basis of property additions or on the basis of the deposit or cancellation of prior lien bonds deposited with the Trustee in accordance with the provisions of this Indenture, under any provisions of any prior lien, for the withdrawal of cash deposited, in connection with the release of property from the lien of this Indenture, with the trustee or other holder of the prior lien securing such prior lien bonds unless such cash so withdrawn shall be deposited with the Trustee hereunder, to be held and disposed of by it in the manner provided by Article X hereof.

SECTION 7.15. The Company covenants and agrees that, at least once in every two years, the Company will cause an examination of the mortgaged and pledged property (other than specially classified property) to be made by an independent engineer.

Such independent engineer, within a reasonable time from the date of his appointment, shall file with the Trustee and the Company an independent engineer's certificate stating whether or not the mortgaged and pledged property (other than specially classified property and other than property which has been retired) is in general being maintained in good physical condition and in a state of good operating efficiency for the purposes of the Company and whether or not all mortgaged and pledged property (other than specially classified property) that is no longer used or useful in the Company's business has been duly recorded as retired on the books of the Company. If such certificate shall state that the mortgaged and pledged property (other than specially classified property and other than property which has been retired) in general is not being so maintained, it shall state clearly the character and extent and the estimated cost of making good such deficiency and, if it shall state that there is mortgaged and pledged property (other than specially classified property) which is no longer used or useful in the Company's business which has not been recorded as retired on the books of the Company, it shall briefly describe such property and shall state the aggregate retirement which should be recorded on the books in respect of such property. Said certificate shall be open to inspection by any bondholder at any reasonable time.

The Company further covenants and agrees that, if such certificate shall state that such a maintenance deficiency exists, the Company will with all reasonable speed make such repairs and/or do such other maintenance work as may be necessary to make good such deficiency as shall exist at the time of such certificate; whereupon such independent engineer (or, in the case of his refusal or inability to act, some other independent engineer) shall file with the Trustee and the Company an independent engineer's certificate stating that such deficiency has been made good.

The Company further covenants and agrees that if such certificate shall state that there has not been recorded as retired on the books of the Company mortgaged and pledged property (other than specially classified property) which is no longer used or useful in the Company's business, it will forthwith make appropriate entries on its books recording the retirement of such property and will file with the Trustee a treasurer's certificate stating that such entries have been made.

All expense incurred under this Section shall be borne by the Company.

ARTICLE VIII.

Bondholders' Lists and Reports by the Company and the Trustee.

SECTION 8. 01. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee between March 31 and April 15 and between September 30 and October 15 in each year beginning with the year 1942, and at such other times as the Trustee may request in writing, a list in such form as the Trustee may reasonably require containing all the information in the possession or control of the Company or of its paying agents, as to the names and addresses of the holders of bonds obtained since the date as of which the next previous list, if any, was furnished. Any such list may be dated as of a date not more than twenty days prior to the time such information is furnished or caused to be furnished, and need not include information received after such date.

SECTION 8. 02. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and

addresses of the holders of bonds (1) contained in the most recent list furnished to it as provided in Section 8.01, (2) received by it in the capacity of paying agent hereunder, and (3) filed with it within two preceding years pursuant to the provisions of paragraph (2) of subsection (c) of Section 8.04. The Trustee may (1) destroy any list furnished to it as provided in Section 8.01 upon receipt of a new list so furnished; (2) destroy any information received by it as paying agent upon delivering to itself as Trustee, not earlier than forty-five days after an interest payment date of the bonds, a list containing the names and addresses of the holders of bonds obtained from such information since the delivery of the next previous list, if any; (3) destroy any list delivered to itself as Trustee which was compiled from information received by it as paying agent upon the receipt of a new list so delivered; and (4) destroy any information received by it pursuant to the provisions of paragraph (2) of subsection (c) of Section 8.04, but not until two (2) years after such information has been filed with it.

(b) In case three or more holders of bonds (hereinafter referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a bond for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of bonds with respect to their rights under this Indenture or under the bonds, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five (5) business days after the receipt of such application, at its election, either

(1) afford to such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section; or

(2) inform such applicants as to the approximate number of holders of bonds whose names and addresses appear in the information preserved at the time by the Trustee, in accordance with the provisions of subsection (a) of this Section, and as to the approximate cost of mailing to such bondholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford to such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each bondholder whose name and address appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section, a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment or provision for the payment of the reasonable expenses of mailing, unless within five (5) days after such tender the Trustee shall mail to such applicants and file with the Securities and Exchange Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of bonds, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for a hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such bondholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) The Trustee shall not be held accountable by reason of the disclosure of any information or the mailing of any material pursuant to any request made under subsection (b) of this Section regardless of the source from which such information was derived or such material was obtained.

SECTION 8.03. The Company covenants and agrees

(1) to file with the Trustees within fifteen (15) days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as such Commission may from

time to time by rules and regulations prescribe under Section 314 (a) (1) of the Trust Indenture Act of 1939) which the Company is required to file with such Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustees and the Securities and Exchange Commission, in accordance with rules and regulations prescribed from time to time by said Commission under Section 314 (a) (1) of the Trust Indenture Act of 1939, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) to file with the Trustees and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission under Section 314 (a) (2) of the Trust Indenture Act of 1939, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations, and to file with the Trustee within five months after the close of each fiscal year (which, until the Company shall otherwise notify the Trustee shall be deemed to be the calendar year) a copy of the income statement of the Company for the preceding fiscal year and a copy of the balance sheet as at the end of such year, certified by an independent public accountant selected by the Company and approved by the Trustee;

(3) to transmit to the holders of bonds in the manner and to the extent provided in subsection (c) of Section 8.04, with respect to reports pursuant to subsection (a) of Section 8.04, such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (1) and (2) of this Section as may be required by the rules and

regulations prescribed from time to time by the Securities and Exchange Commission under Section 314 (a) (3) of the Trust Indenture Act of 1939;

(4) to notify the Trustee promptly of each stock exchange upon which the bonds are listed.

SECTION 8. 04. (a) The Trustee and the Co-Trustee shall each transmit, on or before April 30 in each year beginning with the year 1942, to the bondholders as hereinafter in this Section provided, a brief report dated as of the preceding March 1 with respect to

(1) its eligibility under Sections 7.13 and 16.01 and its qualifications under Section 16.14 in the case of the Trustee and its qualifications under Section 16.14 in the case of the Co-Trustee, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and/or qualified under such Sections, a written statement to such effect;

(2) the character and amount of any advances (and if it elects so to state, the circumstances surrounding the making thereof) made by it as such trustee, which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the bonds on the trust estate or on property or funds held or collected by it as such trustee, provided that it shall not be required but may elect to state such advances if such advances by it so remaining unpaid aggregate not more than one-half of one per centum ($\frac{1}{2}\%$) of the principal amount of the bonds outstanding on the date of such report;

(3) the amount, interest rate and maturity date of all other indebtedness owing by the Company to it in its individual capacity on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in paragraph (2), (3), (4) or (6) of subsection (b) of Section 16.15;

(4) the property and funds physically in its possession as such trustee, or of a depository for it, on the date of such report;

(5) any release, or release and substitution, of property subject to the lien of this Indenture (and the consideration therefor,

if any) which it has not previously reported, provided, however, that to the extent that the aggregate value as shown by the release papers of any or all of such released properties does not exceed an amount equal to one per centum (1%) of the principal amount of bonds then outstanding, the report need only indicate the number of such releases, the total value of property released as shown by the release papers, the aggregate amount of cash received and the aggregate value of property received in substitution therefor as shown by the release papers;

(6) in the case of the Trustee, any additional issue of bonds which it has not previously reported; and

(7) any action taken by it as such trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the bonds or the trust estate, except action in respect of a default, notice of which has been or is to be withheld by the Trustee in accordance with the provisions of Section 11. 04.

(b) The Trustee and the Co-Trustee shall each transmit to the bondholders as hereinafter provided a brief report with respect to—

(1) the release, or release and substitution, of property subject to the lien of this Indenture (and the consideration therefor, if any) unless the current fair value of such property, as set forth in the certificate required by paragraph (2) of Section 10. 03 or by the first paragraph of Section 10. 04 or by paragraph (3) of Section 10. 04 is less than ten per centum (10%) of the principal amount of bonds outstanding at the time of such release, or such release and substitution, such report to be so transmitted within ninety (90) days after such time; and

(2) the character and amount of any advances (and if it elects so to state, the circumstances surrounding the making thereof) made by it, as such trustee, since the date of the last report transmitted pursuant to the provisions of subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of execution of this Indenture), for the reimbursement of which it claims or may claim a lien or charge prior to that of the bonds on the trust estate or on property or funds held or collected by it as such trustee, and which it has not previously

reported pursuant to this paragraph, provided that it shall not be required but may elect to state such advances if such advances by it remaining unpaid at any time aggregate not more than ten per centum (10%) of the principal amount of bonds outstanding at such time, such report to be transmitted within ninety (90) days after such time.

(c) Reports of the Trustee and of the Co-Trustee pursuant to this Section may be combined in a single document and shall be transmitted by mail—

(1) to all registered holders of bonds, as the names and addresses of such holders appear upon the registration books of the Company;

(2) to such holders of bonds as have, within two (2) years preceding such transmission, filed their names and addresses with the Trustee for that purpose; and

(3) except in the case of reports pursuant to subsection (b) of this Section, to each bondholder whose name and address is preserved at the time by the Trustee, as provided in subsection (a) of Section 8.02.

(d) A copy of each such report shall, at the time of such transmission to bondholders, be filed with each stock exchange upon which the bonds are listed and also with the Securities and Exchange Commission.

(e) Notwithstanding any of the provisions of this Section which require the Co-Trustee to transmit reports to the bondholders and to file such reports with each stock exchange upon which the bonds are listed and also with the Securities and Exchange Commission, the Co-Trustee may, if it so elects, furnish to the Trustee all information concerning the Co-Trustee which the Co-Trustee is required to report, and the Trustee shall transmit and file such information, in accordance with the provisions of this Section on behalf of the Co-Trustee; provided, however, that the Trustee shall not be responsible for the failure of the Co-Trustee to report or to furnish any such information, or, subject to the provisions of Article XVI, for the accuracy or completeness of any such information. In the event that the Co-Trustee shall elect to furnish information to the Trustee in accordance with the provisions of this sub-

section (e), the information required pursuant to subsection (a) of this Section shall be furnished to the Trustee in writing not less than fifteen (15) days before the report is required to be made, and, in the case of information required pursuant to subsection (b) of this Section, such information shall be furnished to the Trustee in writing within sixty (60) days after the taking by the Co-Trustee of any action required to be reported.

(f) For the purpose of this Section, all bonds which have been authenticated and delivered and not returned to the Trustee and cancelled, shall be deemed to be outstanding.

ARTICLE IX.

Redemption and Purchase of Bonds.

SECTION 9.01. Such of the bonds of any series outstanding hereunder as are, by their terms, redeemable before maturity may, at the option of the Company, be redeemed at such times, in such amounts and at such prices as may be specified therein and in accordance with the provisions of the succeeding sections of this Article. The exercise of such option shall be evidenced by a resolution, a certified copy of which shall be delivered to the Trustee.

SECTION 9.02. In case of redemption of a part only of any series of said bonds, the Company shall notify the Trustee at least ten (10) days before the date on which notice of such redemption is required to be given. If at the time the Company shall give such notice and request to the Trustee, there shall not be on file with the Trustee and in effect a bondholders' redemption agreement, as hereinafter defined, then the Trustee shall select the particular bonds or parts thereof so to be redeemed according to such method as the Trustee shall deem proper in its discretion.

If at the time the Company shall give such notice and request to the Trustee, there shall be on file with the Trustee and in effect a bondholders' redemption agreement, as hereinafter defined, then the Trustee shall select the bonds or parts thereof to be purchased or redeemed in accordance with the provisions of said bondholders' redemption agreement. For the purposes of this Indenture the term "bondholders' redemption agreement" shall mean an agreement, satisfactory to the Trustee, duly executed as provided below in this Section, which agree-

ment provides for the method to be followed by the Trustee in selecting bonds or parts of bonds for purchase or redemption out of any funds held by the Trustee to be applied to such purchase or redemption. A bondholders' redemption agreement may be made with respect to any series of bonds issued under this Indenture, in which case it shall be executed only by the owners or holders of all outstanding bonds of such series, or it may be made with respect to all of the bonds outstanding under the Indenture, in which case it shall be executed by the owners and holders of all bonds outstanding hereunder.

Notice of intention to redeem (including, in case a part only of the bonds of any particular series are to be redeemed, the numbers of such bonds) with respect to bonds of 1971 shall be given by or on behalf of the Company as provided in Section 2.11 hereof, and with respect to bonds of other series shall be given, by or on behalf of the Company, in such manner as may be fixed by the resolutions or supplemental indenture establishing such series of bonds.

SECTION 9.03. In the event that the Company shall give notice of its intention to redeem any bonds so redeemable, the Company shall, and it hereby covenants that it will on or before the redemption day specified in such notice, deposit with the Trustee, irrevocably in trust for the purpose, a sum of money sufficient to redeem all such bonds so to be redeemed on such date or irrevocably direct the Trustee to apply from money held by it available to be used for the redemption of bonds, a sum of money sufficient to redeem such bonds. If the Company shall fail so to deposit or direct the application of the money for the redemption of said bonds, such failure shall constitute a default under this Indenture and the said bonds so called for redemption shall immediately become due and payable, and the holders of said bonds shall be entitled to receive and the Company shall be obligated to pay the redemption price of said bonds, including accrued interest, and thereupon and without the lapse of any period of time all the remedies provided for in Article XI hereof with respect to a default in the payment of principal of bonds outstanding hereunder shall be available to and enforceable by the Trustees.

SECTION 9.04. All money deposited by the Company with the Trustee under the provisions of this Article IX for the redemption of bonds or which the Company directs shall be applied by the Trustee to the redemption of bonds shall, subject to the provisions of Section 13.02

hereof, be held in trust for account of the holders of the bonds so to be redeemed, and shall be paid to them respectively, upon presentation and surrender of said bonds in bearer form or properly endorsed for transfer, if required by the Company or the Trustee, with all unmatured coupons, if any, appertaining thereto. After the date fixed for redemption, if the money necessary for the redemption of the bonds to be redeemed shall have been deposited or directed to be applied as aforesaid, such bonds shall cease to bear interest and the coupons for interest, if any, maturing subsequent to that date shall be void, and such bonds and all coupons appertaining thereto shall cease to be entitled to the lien of this Indenture, and, as respects the Company's liability thereon, such bonds and coupons shall be deemed to have been paid; provided that if the Company shall make such money payable to the holders of the bonds to be redeemed upon presentation of bonds to be redeemed prior to the date fixed for redemption, and, if the date fixed for redemption is an interest payment date, shall make the money payable as interest on such bonds on such date payable, in the case of coupon bonds, upon presentation of the coupons for such interest, or, in the case of registered bonds, upon presentation of such registered bonds, prior to said interest payment date, and if notice that such money will be so payable to the holders of such bonds and coupons is included in the notice of redemption and if the Company shall have irrevocably deposited or directed to be applied as aforesaid sufficient money for such purpose before said prior date and shall have given the required notice of redemption or made arrangements satisfactory to the Trustee therefor, then such bonds and all coupons then and therefore appertaining thereto shall, on the first date on which the Trustee is authorized to pay such money to the holders of such bonds and coupons (which may be the date of the deposit thereof), cease to be entitled to the lien of this Indenture and, as respects the Company's liability thereon, shall on the tenth day thereafter be deemed to have been paid. If any bond of a denomination larger than \$1,000 shall be presented in proper form for transfer, if required by the Company or the Trustee, at or after the time fixed for the redemption of said bonds so drawn for redemption, or the time when said redemption price is first payable as hereinabove provided, the payment with respect to the portion thereof so to be redeemed shall be made upon surrender of said bond; and bonds for the unpaid balance, if any, of the principal amount of the bond so presented and surrendered shall be executed by the Company and authenticated and delivered by the Trustee without charge to the bond-

holder therefor; or, at the option of the registered holder, and with the consent of the Company, the Trustee shall, upon presentation of such registered bond to the Trustee for such purpose, make a notation thereon of the payment of the portion thereof so called for redemption.

SECTION 9.05. At any time, upon delivery to the Trustee of an application signed by the President or a Vice-President of the Company, of a treasurer's certificate such as is described in paragraph (2) of Section 4.05 hereof, and of an opinion of counsel, the Trustee shall, to the extent that bonds are available for such purchase, apply all or any part of the cash held by it under any provision of this Indenture and applicable to the purpose, or any cash deposited with it by the Company for the purpose, to the purchase of bonds then outstanding hereunder of such series as the Company may designate at a price not exceeding the current redemption price (including accrued interest) of such bonds as shall be by their terms redeemable before maturity, or not exceeding one hundred and ten per centum (110%) of the principal of bonds not so redeemable, plus accrued interest. Before making any such purchase the Trustee shall, by notice published once in each of two (2) consecutive calendar weeks (on any day of each such week) in one daily newspaper printed in the English language and of general circulation in each city in which the principal of any of the bonds to be purchased shall be payable, advertise for written proposals (to be received by it on or before a date to be specified by the Trustee) to sell to it on or before a subsequent date to be specified by it bonds then outstanding hereunder of the series designated by the Company; and the Trustee to the extent, as nearly as possible, of such funds then in its hands which the Company has requested be applied, shall purchase the bonds so offered at the lowest price or prices asked therefor. The Trustee may also in its discretion, and upon request of the Company so to do shall, invite offers of bonds for sale to it in any other manner designated by the Company not deemed by the Trustee to be inequitable. Should there be two or more proposals at the same price aggregating more than the amount which the Trustee has available for application, after having accepted all proposals at lower prices, the Trustee shall apply the amount so available, by acceptance of proposals, so as to acquire the requisite amount of bonds at the lowest cost possible, provided, however, that, to the extent consistent with the acquisition of such amount of bonds at the lowest cost possible,

the Trustee shall (a), in accepting proposals, give preference to such proposals as are subject to acceptance of a portion thereof as against proposals not subject to such acceptance, (b), as between proposals subject to acceptance of a portion thereof, accept the same pro rata, and (c), as between proposals not subject to such acceptance, select by lot, according to such method as the Trustee shall deem proper in its discretion, the proposals to be accepted, and provided, further, that the Trustee shall not be required to acquire any portion of a bond in an amount less than the lowest authorized denomination of the bonds of such series. The Trustee shall have the right to reject any or all proposals in whole or in part if it can at the time of opening said proposals purchase the requisite amount of such bonds or any part thereof at a lower price than it could by accepting said proposals, in which event the Trustee may purchase bonds at such lower price. All offers by holders shall be subject to acceptance of a portion thereof unless otherwise expressed in the offers and all advertisements for written proposals shall so state.

All expenses incurred by the Trustee or the Company in connection with any purchase or redemption of bonds and the accrued interest and premium, if any, on any bonds purchased or redeemed, other than the premium on bonds purchased or redeemed by the use of money deposited with and held by the Trustee pursuant to the provisions of Section 2.12 or 7.07 hereof, shall be paid by the Company out of its general funds, and the Company agrees to reimburse the Trustee on demand for any funds disbursed by it for such purposes, or, if required by the Trustee, the funds necessary therefor shall be paid by the Company in anticipation of such disbursements by the Trustee, and any such disbursements by the Trustee until reimbursed shall be secured by a lien on the mortgaged and pledged property and the proceeds thereof prior to the lien of the bonds and coupons issued hereunder.

SECTION 9.06. All bonds issued hereunder paid, retired or redeemed under any of the provisions of this Indenture or purchased by the Trustee as provided in Section 9.05 hereof, other than with money held by the Trustee subject to the provisions of Section 7.07, and all appurtenant coupons, if any, shall forthwith be cancelled by the Trustee, and the Trustee shall thereupon at the request of the Company deliver a certificate of such cancellation to the Company.

ARTICLE X.**Possession, Use and Release of Mortgaged and Pledged Property.**

SECTION 10.01. So long as the Company is not in default in the payment of the interest on any of the bonds then outstanding hereunder and none of the defaults specified in Section 11.01 hereof shall have occurred and be continuing, the Company shall be suffered and permitted to possess, use and enjoy the mortgaged and pledged property, except money and securities which are expressly required to be deposited with the Trustee, and to receive, use and dispose of the tolls, rents, revenues, issues, earnings, income, products and profits thereof, with power, in the ordinary course of business, freely and without let or hindrance on the part of the Trustees or the bondholders, to use, consume and otherwise dispose of materials and supplies, and, except as herein otherwise expressly provided to the contrary, to exercise any and all rights under choses in action and contracts and to alter and repair, and change the location of, its lines, buildings and structures.

SECTION 10.02. So long as the Company is not in default in the payment of the interest on any of the bonds then outstanding hereunder and none of the defaults specified in Section 11.01 hereof shall have occurred and be continuing, the Company may at any time and from time to time:

(1) Without any release or consent by the Trustees, sell or otherwise dispose of free from the lien of this Indenture (a) any portion of the machinery, apparatus, supplies, equipment, vehicles, tools and implements which shall have become old, inadequate, obsolete, worn out or unfit for use or shall have been abandoned or retired from service, upon replacing the same by or substituting for the same or acquiring other machinery, apparatus, supplies, equipment, vehicles, tools or implements of a value at least equal to that of the property disposed of, which new property shall be subject to the lien of this Indenture free and clear of all prior liens (except excepted encumbrances and those to which the property so disposed of was subject consistently with the terms hereof); (b) any timber, lumber, crops or other products of land owned by the Company; and (c) any facilities or easements used for the distribution of electricity when sold to the customer served by such facilities or easements,

upon replacing the same by or substituting for the same or acquiring other property of a value at least equal to that of the property so sold, which new property shall be subject to the lien of this Indenture free and clear of all prior liens (except excepted encumbrances and those to which the property so sold was subject consistently with the terms hereof), provided, however, that the aggregate current fair values of all such facilities or easements so sold without any release or consent shall not exceed \$10,000 in any one calendar year;

(2) Without any release or consent by the Trustees, provided such action is deemed advisable by the Board of Directors, (a) cancel, make changes or alterations in or substitutions for any and all easements, rights of way, grants, leases or contracts now subject, or which may hereafter become subject, to the lien of this Indenture; and in such event any modified, altered or substituted easements, rights of way, grants, leases or contracts shall be subject to the terms of this Indenture to the same extent and in the same manner as those previously existing; and (b) grant easements and other similar rights to states, counties, municipalities and other governmental bodies or agencies for streets, roads and similar public ways, provided, however, that any consideration received by the Company therefor is deposited with the Trustee to be held by it subject to the provisions of Section 10.05 hereof; and

(3) Withdraw any cash on deposit under this Indenture with the Trustee by depositing hereunder with the Trustee in substitution therefor an amount of direct and unconditional obligations of the United States of America, maturing in not more than five years from the date of such deposit, designated by the Company and not disapproved by the Trustee, having a then market value at least equal to the amount of cash so withdrawn, provided, however, that the Company shall not be entitled to withdraw any cash specifically deposited with or held by the Trustee for the redemption of bonds, or for payment to the holders of bonds or coupons or claims for interest secured hereby, or for the purchase of bonds which the Trustee has contracted to purchase, except as permitted by the provisions of Section 13.02 hereof. Any obligations so deposited shall have attached thereto all unmatured interest coupons and shall be held by the

Trustee in all respects as would be held the cash for which such obligations are so substituted and such obligations shall be deemed to be such cash for the purposes of this Indenture. If the market value of any obligations so deposited hereunder (which market value, for the purpose of this Section, shall be determined exclusive of any interest which may be accrued or may have been collected thereon) shall, in the judgment of the Trustee, at any time be less than the amount of cash in lieu of which they were deposited, the Company covenants that on demand of the Trustee it will deposit hereunder with the Trustee cash sufficient to make up the deficiency; but the cash deposited to make up the deficiency in the market value of any obligations may at any time thereafter be withdrawn by the Company if at the time of withdrawal the market value of such obligations shall not be less than the amount of cash in lieu of which they were deposited. Any obligations so deposited shall be sold by the Trustee upon the written request of the Company, signed in its name by its President or one of its Vice-Presidents, at such prices as shall be fixed by the Company, provided, however, that the Trustee, without any such request from the Company, shall be entitled, in its sole discretion and at such prices as may be approved by it, to sell at public or private sale any such obligations so held by it. If the Company shall not pay to the Trustee cash sufficient to make up any deficiency as hereinabove provided within ten days after demand by the Trustee for the payment thereof, then the Trustee may, without the lapse of any further period of time, sell at public or private sale the obligations so held by it in lieu of cash with respect to which such deficiency shall exist, at such prices and at such times as the Trustee shall in its unrestricted discretion determine. The Trustee shall collect from time to time all interest upon the deposited obligations as such interest matures, and the Trustee shall, upon receipt of a treasurer's certificate such as is described in paragraph (2) of Section 4.05 hereof, pay to the Company the interest received by it on such deposited obligations, as and when received, and the amount, if any, by which the aggregate of the net proceeds of any such sale or payment of deposited obligations exceeds the cash in lieu of which such obligations were deposited and hold and treat the balance, as, and pay out or apply the same in like manner and for like purposes as, the cash in lieu

of which such obligations were deposited. If the aggregate of the net proceeds of any such sale or payment shall be less than the amount of cash in lieu of which such obligations were deposited, the Company covenants that it will promptly pay to the Trustee cash in an amount equal to such deficiency. The deposited obligations and the proceeds of any such sale or payment thereof while held by the Trustee shall be part of the mortgaged and pledged property.

SECTION 10.03. The Company may obtain the release of any of the mortgaged and pledged property (provided, however, that purchase money obligations secured by first mortgage or trust deed, received in consideration of the release of any fundable property by the Trustee, cash, bonds issued hereunder and prior lien bonds shall not be released except as provided in other Sections hereof) and the Trustees shall release the same from the lien hereof upon the application of the Company and receipt by the Trustee of a treasurer's certificate as required by paragraph (2) of Section 4.05 hereof and of

(1) a resolution describing in reasonable detail the property to be released and requesting such release;

(2) an engineer's certificate, or, under the circumstances hereinafter in this Section specified, an independent engineer's certificate, made and dated not more than ninety (90) days prior to the date of such application, stating in substance as follows:

(a) That the Company has sold or exchanged, or contracted to sell or exchange, the property so to be released for a stated consideration, which consideration shall be described in such certificate and specifying the current fair value of the property so to be released and also specifying to what extent the property so to be released consists of fundable property;

(b) The original fair value, in the opinion of the signer or signers, of any purchase money obligations secured by first mortgage or trust deed upon the Company's interest in any fundable property to be released and the original fair value of any other property (other than bonds issued and outstanding hereunder and prior lien bonds assumed by the Company secured by lien prior to the lien of this Indenture on the property to be released), described as consideration pursuant to subdivision (a)

of this paragraph (2); if any such other property is included in such consideration such engineer's or independent engineer's certificate, as the case may be, shall contain or be accompanied by an engineer's report on such property by the engineer signing such certificate, which report shall contain a brief statement concerning the determination of the original fair value of such property, a brief statement of the condition, serviceability and general location of such property and, if such property includes property additions, a statement of the opinion of such engineer as to the original fair value of such property additions and as to the original fair value of other property, tangible and intangible, acquired as a part of the transaction by which such property additions were acquired and a statement that such property additions are, or will be when acquired, property additions as defined in Article I hereof; and

(c) That the retention of the property to be released is no longer desirable in the conduct of the business of the Company or that other property acquired or to be acquired is not less suited to the needs of the business of the Company than that to be released, and that, in the opinion of the signer or signers, the proposed release will not impair the security under this Indenture in contravention of the provisions thereof;

(3) an amount in cash (which may be reduced as hereinafter provided in the last paragraph of this Section) equivalent to the amount, if any, by which the stated consideration for, or the current fair value of (whichever is greater), the property to be released, as specified in the certificate provided for in paragraph (2) of this Section, exceeds the aggregate of the following items:

(a) the principal amount of bonds issued and outstanding hereunder simultaneously delivered to the Trustee (which shall be cancelled as provided in Section 10.05 hereof);

(b) the principal amount, or original fair value, whichever is less, of any obligations simultaneously delivered to the Trustee consisting of purchase money obligations secured by first mortgage or trust deed upon the interest which the Company owned in any fundable property to be released, provided, however, that the principal amount of the purchase money obligations which may be included in the computation provided for in

this subdivision (b) of this paragraph (3) shall not exceed sixty per centum (60%) of the current fair value of the fundable property to be released by which such obligations are secured as specified in the engineer's certificate or in the independent engineer's certificate, as the case may be, provided for in paragraph (2) of this Section, and provided further, that the aggregate principal amount of purchase money obligations held by the Trustee at any one time, other than purchase money obligations received upon the release of unfundable property, shall not exceed twenty per centum (20%) of the principal amount of bonds at the time outstanding hereunder;

(c) the principal amount of outstanding prior lien bonds assumed by the Company secured, wholly or in part, by lien prior to the lien of this Indenture on the property to be released, simultaneously delivered to the Trustee to be held subject to the provisions of this Article X, and the amount by which any such prior lien bonds not delivered to the Trustee have been reduced by payment by the Company or (if all property subject to the mortgage or other lien securing such prior lien has been or is to be released) by the assumption of the payment thereof by the purchaser of the property to be released, as shown by a treasurer's certificate simultaneously delivered to the Trustee, accompanied by a concurring opinion of counsel; provided that the amount of any such reduction of prior liens shall not be included to the extent that such amount has previously been used as a basis for the release of property under any of the provisions of this Indenture;

(d) the cost (to be stated in an accountant's certificate) or original fair value (as certified in the certificate provided for in paragraph (2) of this Section), whichever is less, of any property additions concurrently acquired or to be acquired by the Company in exchange for the property to be released; and

(e) if the property to be released is unfundable property, the cost (to be stated in an accountant's certificate) or original fair value (as certified in the certificate provided for in paragraph (2) of this Section), whichever is less, of any other property or securities concurrently acquired or to be acquired by the Company in exchange for the property to be released, which cost

or original fair value the Company desires to have included in the computation provided for in this paragraph (3);

(4) an opinion of counsel that the Company has full corporate authority and all necessary permission from governmental authorities (and officially authenticated copies of the documents, if any, evidencing such permission shall accompany such opinion) to dispose of the property to be released for the consideration and in the manner stated in the certificate provided for in paragraph (2) of this Section and for the acquisition and operation of any property or securities to be received in exchange therefor, that any property additions included in the computation pursuant to subdivision (d) of paragraph (3) of this Section will be subject to the lien hereof and subject to no lien, charge or encumbrance prior to the lien hereof (other than excepted encumbrances), that any consideration included in the computation pursuant to subdivision (b) or (e) of paragraph (3) of this Section will be subject to the lien hereof with the same degree of priority as the property to be released, that any property to be received in exchange included in the computation pursuant to subdivision (d) of paragraph (3) of this Section which consists of betterments, extensions or improvements or additions of, upon or to any plant, system or other property in which the Company holds only a leasehold interest constitutes personal property, that the determination of the cost of property to be received in exchange, as stated in the accountant's certificate pursuant to subdivisions (d) and (e) of paragraph (3) of this Section, was not inconsistent with the order, if any, of each governmental authority approving the transaction or transactions by which such property was to be acquired or authorizing the ownership or operation thereof, that, if the Trustees are requested to release a franchise, such release will not impair the right of the Company to operate its remaining property, and that all prior lien bonds delivered to the Trustee pursuant to subdivision (c) of paragraph (3) of this Section, are secured, wholly or in part, by a lien prior to the lien of this Indenture on the property to be released and the payment of said prior lien bonds has been assumed by the Company;

(5) in case any purchase money obligations secured by first mortgage or trust deed upon fundable property to be released are included in the computation provided for in subdivision (b) of paragraph (3) of this Section, an opinion of counsel to the effect

that such obligations are valid obligations, and that any purchase money mortgage or trust deed securing the same is sufficient to afford a valid first and purchase money lien upon the interest which the Company owned in the fundable property to be released and in case any securities are included in the computation provided for in subdivision (e) of paragraph (3) of this Section, an opinion of counsel that such securities are valid securities;

(6) all such instruments of conveyance, assignment and transfer as may be necessary for the purpose of effectually subjecting to the lien of this Indenture any property to be included in the computation provided for in paragraph (3) of this Section, together with an opinion of counsel that such instruments are sufficient for such purpose or that no such instruments are necessary for such purpose.

The certificate required by paragraph (2) of this Section shall be an independent engineer's certificate if (i) the current fair value of the property or securities to be released and of all other property or securities released since the commencement of the then current calendar year, as set forth in such certificate and other similar certificates furnished to the Trustee pursuant to said paragraph (2) or paragraph (3) of Section 10.04 in connection with the release of property or securities from the lien hereof, is ten per centum or more of the aggregate principal amount of all bonds at the time outstanding hereunder, unless the current fair value of the property or securities to be released so set forth is less than \$25,000 or less than one per centum of the aggregate principal amount of all bonds at the time outstanding hereunder, or (ii) any of the property included in subdivision (d) or (e) of paragraph (3) of this Section consists of plant or property operated by others, or (iii) the original fair value of all securities (other than bonds issued hereunder and prior lien bonds) received by the Trustee since the commencement of the then current calendar year, including any such securities then to be received, as set forth in such certificate and other similar certificates furnished to the Trustee in connection with the release of property or securities from the lien of this Indenture, is ten per centum or more of the aggregate principal amount of all bonds at the time outstanding hereunder, unless the original fair value of the securities (other than bonds issued hereunder and prior lien bonds) to be received by the

Trustee so set forth is less than \$25,000 or less than one per centum of the aggregate principal amount of all bonds at the time outstanding hereunder.

If the property to be released is subject to any prior lien and if, to obtain the release of such property therefrom, the terms thereof require any consideration to be paid to the trustee or other holder of any such prior lien, the opinion of counsel above provided for in paragraph (4) of this Section and the engineer's certificate above provided for in paragraph (2) of this Section shall so state, and the certificate of the trustee or other holder of any such prior lien that it has received such consideration shall be accepted by the Trustee, to the extent of such consideration so received, in lieu of cash, obligations, bonds, securities or property required by the provisions of paragraph (3) of this Section to be delivered or certified to the Trustee upon the release of said property.

The amount of cash to be received by the Trustee, as provided in the first clause of paragraph (3) of this Section, may be reduced to the extent of the amount of unfunded net property additions certified to the Trustee. No property additions shall be so certified unless there shall be delivered to the Trustee with the application of the Company for the release the applicable certificates, opinion of counsel, instruments and cash, if any, required by paragraphs (3), (4), (5), (7), (9) and (10) of Section 4.05 hereof, showing that the Company has unfunded net property additions equal to the amount so certified.

SECTION 10.04. So long as the Company is not in default in the payment of the interest on any bonds then outstanding hereunder and none of the defaults specified in Section 11.01 hereof shall have occurred and be continuing, the Trustees shall, whenever from time to time requested by the Company (such request to be evidenced by a resolution), but without requiring compliance with any of the provisions of Section 10.03 hereof unless, under the provisions of said Section 10.03, the Company would then be required to furnish an independent engineer's certificate, in which event this paragraph shall not be applicable, release from the lien hereof real estate not then being used in electric, gas or steam operations, provided the aggregate of the current fair values of such real estate so released without such compliance in any period of five consecutive calendar years shall not exceed the sum of Two Hundred and Fifty Thousand Dollars

(\$250,000). A treasurer's certificate as to any facts required to be known by the Trustees as a condition precedent to action by them under this Section, an engineer's certificate as to the current fair value of the property to be released, stating that, in the opinion of the signer or signers, the proposed release will not impair the security under this Indenture in contravention of the provisions thereof, and an opinion of counsel shall, subject to the provisions of Article XVI hereof, fully protect the Trustees in any action taken upon the faith thereof. The Company covenants that, upon receipt, it will deposit with the Trustee, to be dealt with in the manner provided in this Article X, the consideration, if any, received by it upon the sale or other disposition of any real estate not then being used in electric, gas or steam operations so released (unless the same shall have been paid or delivered to the trustee or other holder of a mortgage or other instrument constituting a prior lien in accordance with the requirements thereof and a certificate of such trustee or other holder to that effect shall have been furnished to the Trustee).

The Trustees shall, whenever from time to time requested by the Company, but without requiring compliance with any of the provisions of Section 10.03 or of the above provisions of this Section and irrespective of the values stated in the certificate provided for in paragraph (3) below, release from the lien hereof any unfundable property (other than purchase money obligations secured by first mortgage or trust deed received in consideration of the release of any fundable property by the Trustee or cash or bonds issued hereunder or prior lien bonds) upon receipt by the Trustee of:

(1) a resolution describing in reasonable detail the property to be released and requesting such release;

(2) a treasurer's certificate as required by paragraph (2) of Section 4.05, which shall also state (i) that the Company has bona fide sold or exchanged, or bona fide contracted to sell or exchange, the property so to be released to other than an affiliate of the Company, (ii) that the property so to be released is unfundable property (other than purchase money obligations secured by first mortgage or trust deed received in consideration of the release of any fundable property by the Trustee or cash or bonds issued hereunder or prior lien bonds) and (iii) in reasonable detail, the entire consideration received and to be received by the Company therefor;

(3) an engineer's certificate, or, under the circumstances hereinafter in this Section specified, an independent engineer's certificate, as to the current fair value of the property so to be released and the original fair value of the consideration (other than bonds issued hereunder and prior lien bonds) specified in paragraph (2) above, stating that, in the opinion of the signer or signers, the proposed release will not impair the security under this Indenture in contravention of the provisions thereof;

(4) the consideration specified in paragraph (2) above, which may be cash, bonds issued and outstanding hereunder (any bonds so received shall be cancelled as provided in Section 10.05 hereof), prior lien bonds, or other property or securities;

(5) in case any securities are included in the consideration for such release, an opinion of counsel that such securities are valid securities;

(6) all such instruments of conveyance, assignment and transfer as may be necessary for the purpose of effectually subjecting to the lien hereof any property acquired or to be acquired by the Company in exchange for the property the release of which is then being sought, together with an opinion of counsel that such instruments are sufficient for such purpose or that no such instruments are necessary for such purpose.

The certificate required by paragraph (3) of this Section shall be an independent engineer's certificate if (i) the current fair value of the property or securities to be released and of all other property or securities released since the commencement of the then current calendar year, as set forth in such certificate and other similar certificates furnished to the Trustee pursuant to said paragraph (3) or Section 10.03 in connection with the release of property or securities from the lien hereof is ten per centum or more of the aggregate principal amount of all bonds at the time outstanding hereunder, unless the current fair value of the property or securities to be released so set forth is less than \$25,000 or less than one per centum of the aggregate principal amount of all bonds at the time outstanding hereunder, or (ii) any of the consideration referred to in paragraph (3) above consists of plant or property operated by others or (iii) the original fair value of all securities (other than bonds issued hereunder and prior lien bonds) received by the Trustee since the commencement

of the then current calendar year, including any securities then to be received, as set forth in such certificate and other similar certificates furnished to the Trustee in connection with the release of property or securities from the lien of this Indenture, is ten per centum or more of the aggregate principal amount of all bonds at the time outstanding hereunder, unless the original fair value of the securities (other than bonds issued hereunder and prior lien bonds) to be received by the Trustee so set forth is less than \$25,000 or less than one per centum of the aggregate principal amount of all bonds at the time outstanding hereunder.

SECTION 10.05. So long as the Company is not in default in the payment of the interest on any bonds then outstanding hereunder and none of the defaults specified in Section 11.01 hereof shall have occurred and be continuing, any money on deposit with the Trustee constituting the proceeds of released property and any money as to which withdrawal pursuant to this Section is specifically provided for may, subject to the provisions of the last paragraph of this Section,

(1) upon the delivery to the Trustee of the applicable certificates, opinion of counsel, instruments and cash, if any, required by paragraphs (3), (4), (5), (7), (9) and (10) of Section 4.05 hereof, be withdrawn in such amount as will permit the certificate pursuant to paragraph (3) of said Section 4.05 delivered to the Trustee as part of the application for such withdrawal to show that there will exist, as of the date of such certificate [which date shall be not prior to the time of the deposit of the cash to be withdrawn], unfunded net property additions; or

(2) be withdrawn from time to time by the Company in an amount equal to the principal amount of bonds issued and outstanding hereunder and concurrently deposited with the Trustee; or

(3) upon the request of the Company, be used by the Trustee for the purchase of bonds issued hereunder in accordance with the provisions of Section 9.05 hereof; or

(4) upon the request of the Company, be applied by the Trustee to the payment at maturity or to the redemption of any bonds issued hereunder which are by their terms redeem-

able before maturity, of such series as may be designated by the Company, such redemption to be in the manner and as provided in Article IX hereof.

Money shall, from time to time, be paid out or used or applied by the Trustee pursuant to paragraphs (1), (2), (3) and (4) of this Section upon receipt by the Trustee of the written order of the Company signed by its President or a Vice-President, of a treasurer's certificate such as is described in paragraph (2) of Section 4.05 hereof, and of an opinion of counsel.

In the event that the Company or this Indenture shall direct the Trustee to apply any money held by it under this Article X, or any money subject to be used or applied as in this Article X provided, to the purchase of bonds issued hereunder, the Company shall pay to the Trustee upon notice by the Trustee that it is ready to purchase, or if the Company or the Indenture shall direct the application thereof to the payment or redemption of bonds, as the case may be, then the Company shall pay to the Trustee on the date of such direction by the Company, or upon notice by the Trustee that it is making such application, an amount in cash equal to the premiums (except on bonds purchased or redeemed with money deposited with the Trustee pursuant to the provisions of Section 2.12 or 7.07), if any, and the accrued interest, if any, payable to the holders of the bonds to be so paid, purchased or redeemed.

Any obligations secured by purchase money mortgage or trust deed and any other evidences of indebtedness (other than prior lien bonds), held by the Trustee, may be released by the Trustee upon payment by the Company to the Trustee of the unpaid portion of such obligations or evidences of indebtedness. The principal of and interest on any such securities shall be collected by the Trustee as and when the same become payable. Cash received upon the payment of the principal of or the release of any such securities may be withdrawn, used or applied pursuant to the provisions of the first paragraph of this Section. Upon receipt by the Trustee of a treasurer's certificate such as is described in paragraph (2) of Section 4.05 hereof, the interest received by the Trustee on any such securities, except that due subsequent to the maturity thereof, together with any premium received upon payment of the principal thereof, shall be paid over to the Company.

All sums received by the Trustee upon the redemption of any stock held by the Trustee may be withdrawn, used or applied pursuant to the

provisions of the first paragraph of this Section. All dividends received by the Trustee on any such stock shall be paid over to the Company, except dividends declared payable in stock of the corporation declaring the same and except where such dividends shall have been declared from or with respect to other than earnings of the corporation declaring the same, and such payment shall be made upon receipt by the Trustee of a treasurer's certificate such as is described in paragraph (2) of Section 4.05 hereof stating that the dividend to be paid over to the Company is not a dividend excepted as aforesaid; and to that end the Trustee upon receipt of such a treasurer's certificate shall from time to time deliver to the Company such suitable assignments and orders as the Company may reasonably request for the payment of such dividends. Dividends declared from or with respect to other than earnings of the corporation declaring the same may be withdrawn pursuant to the provisions of the first paragraph of this Section. So long as the Company is not in default in the payment of the interest on any bonds then outstanding hereunder and none of the defaults specified in Section 11.01 hereof shall have occurred and be continuing, the Company shall have the right to vote any stock or other voting securities held by the Trustee; and to that end the Trustee shall from time to time deliver to the Company such suitable powers of attorney and proxies as the Company may reasonably request to vote on any such securities.

So long as the Company is not in default in the payment of the interest on any bonds then outstanding hereunder and none of the defaults specified in Section 11.01 hereof shall have occurred and be continuing, the Trustee shall exercise at the direction of the Company, and, upon the occurrence of any of such defaults, the Trustee may exercise in its absolute discretion, without the consent of the Company, any and all rights of an owner with respect to any such obligations, evidences of indebtedness or stock and may take any action which in its judgment may be desirable or necessary to avail itself of the benefit of any security created for any such obligations, evidences of indebtedness or stock including, but not in limitation, the extension or modification thereof at a higher or lower or the same rate of interest or dividends and joining in any plan of reorganization, readjustment, arrangement, composition or similar plan with respect thereto, whether voluntary or involuntary, and may accept and hold hereunder any new obligations or securities issued in exchange therefor under any such plan; but, subject to the provisions of Article XVI hereof, the Trustee shall be

under no obligation to exercise any such rights unless, subject to the provisions of Section 11.12 hereof, requested so to do by the holders of not less than a majority in principal amount of the bonds then outstanding hereunder. The Trustee shall be reimbursed by the Company upon demand for all expenses by it properly incurred by reason of any such action taken, with interest upon all such expenditures at the rate of six per centum (6%) per annum; and the amount of such expenses and interest shall, until repaid, constitute a lien upon the mortgaged and pledged property prior to the lien of the bonds and coupons issued hereunder.

Any new property acquired to take the place of any property released or to be substituted for any property held by the Trustee or in connection with the withdrawal of cash under any provision of this Article X shall forthwith and without further conveyance become subject to the lien of and be covered by this Indenture as a part of the mortgaged and pledged property.

Any bonds issued hereunder deposited with the Trustee pursuant to Section 10.03 or 10.04 hereof or to this Section or purchased, paid or redeemed by the Trustee pursuant to the provisions of this Section, other than with money held by the Trustee subject to the provisions of Section 7.07, shall forthwith be cancelled and a certificate of such cancellation shall be delivered to the Company, and such bonds shall not thereafter be made the basis for the authentication of bonds, the release of property or the withdrawal, use or application of cash, under any of the provisions of this Indenture, or used to satisfy an unsatisfied balance of the maintenance and replacement requirement or to satisfy the requirements of Section 2.12. Nothing in this paragraph shall be deemed to prohibit including such bonds in the computation of unfunded net property additions as provided in Section 1.11 hereof.

In the event that cash subject to withdrawal pursuant to this Section (including therein any obligations which may have been substituted for such cash pursuant to the provisions of Section 10.02 hereof) shall have remained on deposit with the Trustee under any of the provisions of this Indenture for more than two years in an aggregate amount in excess of Three hundred thousand Dollars (\$300,000), or five per centum (5%) of the aggregate principal amount of all bonds outstanding hereunder at the end of such two years, whichever shall be greater, the Company covenants that such cash or obligations then so on deposit with the Trustee shall, within six months thereafter, be used or applied in accordance with the provisions of paragraph (3) or (4) of this Section to retire bonds outstanding hereunder of the series of bonds then outstanding hereunder having the earliest date of maturity;

provided, however, that, for the purposes of this paragraph, there shall not be included in the amount of such cash or obligations then so on deposit any cash or obligations with respect to which the Company shall have given to the Trustee, within such two years, notice in writing that the Company intends to apply such cash or obligations, pursuant to the provisions of paragraph (1) of this Section, to a construction program in progress and uncompleted.

If at any time the Company shall sell or otherwise dispose of any fundable property to any governmental or public body, authority, agency or licensee (if the sale to such licensee was required by the terms of a license held by the Company under the provisions of Part I of the Federal Power Act) for an aggregate consideration equal to or more than 10% of the principal amount of the bonds then outstanding hereunder or, if at any time there shall be on deposit with the Trustee cash in an amount equal to 10% of the principal amount of bonds then outstanding hereunder, which cash is subject to withdrawal as provided in Section 10.05 and was received pursuant to the provisions of Section 10.06, or as a result of a release of fundable property under the provisions of Section 10.03 upon the sale or other disposition thereof to any governmental or public body, authority, agency or licensee (if the sale to such licensee was required by the terms of a license held by the Company under Part I of the Federal Power Act), then and in either of such events the Company covenants and agrees that such cash shall be forthwith withdrawn, used or applied in accordance with the provisions of paragraph (2), (3) or (4) of this Section.

SECTION 10.06. Should any of the mortgaged and pledged property be taken by exercise of the power of eminent domain or should any governmental or public body, authority, agency or licensee, at any time, exercise any right which it may have to purchase any part of the mortgaged and pledged property, the Trustees, without requiring compliance with any of the provisions of any of the other Sections of this Article X, may release the property so taken or purchased, and, subject to the provisions of Article XVI hereof, shall be fully protected in doing so upon being furnished with a treasurer's certificate and with an opinion of counsel to the effect that such property has been taken by exercise of the power of eminent domain, or purchased by a governmental or public body, authority, agency or licensee in the exercise of a right which it had to purchase the same. The Company agrees to cause the proceeds of all property so taken or purchased, together with any amount paid to the Company in connection with such taking or

purchase as severance damages to property of the Company not so taken or purchased, to be paid over to the Trustee (unless the same shall have been paid or delivered to the trustee or other holder of a mortgage or other lien constituting a prior lien, in accordance with the requirements thereof and a certificate of such trustee or other holder to that effect shall have been furnished to the Trustee); and (if paid over to the Trustee hereunder) the same may thereafter be withdrawn in the manner and for the purposes and subject to the conditions provided in Section 10. 05 hereof.

SECTION 10. 07. In case the mortgaged and pledged property shall be in the possession of a receiver or trustee lawfully appointed by court order, the powers hereinbefore conferred upon the Company with respect to the sale or other disposition of the mortgaged and pledged property may be exercised by such receiver or trustee, subject, however, to the provisions of Section 10. 09 hereof, and any request, certificate or application made or signed by such receiver or trustee for such purposes, subject as aforesaid, shall be as effective as if made by the Company or its Board of Directors or any of its officers or appointees in the manner herein provided; and if the Trustees, or either of them, shall be in possession of the mortgaged and pledged property under any provision of this Indenture, then such powers may be exercised by the said Trustees in their discretion notwithstanding the Company may be in default.

SECTION 10. 08. No purchaser in good faith of property purporting to have been released by the Trustees hereunder shall be bound to ascertain the authority of the Trustees to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by this Article X to be sold, granted, exchanged or otherwise disposed of, be under obligation to ascertain or inquire into the authority of the Company to make any such sale, grant, exchange or other disposition.

SECTION 10. 09. The Trustees shall not be required under any of the provisions of this Article X to release at the request of the Company or a receiver or trustee any part of the mortgaged and pledged property from the lien hereof at any time when the Company shall be in default in the performance of any covenant or agreement in the

bonds or in this Indenture contained, but notwithstanding any such default and notwithstanding the existence of a default in the payment of interest on any bonds then outstanding hereunder or of a default specified in Section 11.01 hereof, the Trustees may release from the lien hereof any part of the mortgaged and pledged property, upon compliance with the conditions and receipt of the documents, other than those relating to the non-existence of a default, specified in this Article X in respect thereof, if the Trustee in its discretion shall deem such release for the best interests of the bondholders.

SECTION 10.10. All prior lien bonds received by the Trustee shall be delivered to and held by the Trustee, in pledge, as part of the mortgaged and pledged property, without impairment of the lien thereof, for the protection and further security of the bonds issued hereunder. Except when the Company shall be in default in the payment of the interest on any bonds then outstanding hereunder or during the continuance of a default specified in Section 11.01 hereof, no payment by way of principal, interest or otherwise on any of the prior lien bonds held by the Trustee shall be made or demanded by the Trustee and the coupons thereto appertaining as they mature shall be cancelled by the Trustee and delivered so cancelled to the Company, unless the Company shall, by an instrument in writing, signed by its President or a Vice-President and its Treasurer or an Assistant Treasurer, and delivered to the Trustee, elect, with respect to any of such prior lien bonds, to have such payments made and demanded, in which event the Trustee shall be entitled to receive all such payments. In any event, except during the continuance of a default as aforesaid, all money received by the Trustee on account of the interest or premium on said prior lien bonds shall be paid over by the Trustee to or upon the order of the Company. All money received on account of the principal of any of said prior lien bonds shall be held and disposed of by the Trustee in accordance with the provisions of this Section.

Except when the Company shall be in default in the payment of the interest on any bonds then outstanding hereunder or during the continuance of a default specified in Section 11.01 hereof, the Trustee, if so directed in an instrument in writing signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company, and if there shall be furnished to the Trustee, concurrently with such direction a treasurer's certificate and either

(a) an opinion of counsel that the Company will be in default under the provisions of a prior lien if certain prior lien bonds held by the Trustee hereunder subject to the provisions of this Section are not surrendered by the Trustee to the trustee of the mortgage or other lien securing the same for cancellation or unless such bonds are cancelled, or

(b) a certificate of the trustee or other holder of any prior lien, that all of the bonds secured by such mortgage or lien (other than the bonds held by the Trustee hereunder subject to the provisions of this Section, or for the purchase, payment or redemption of which, together with interest thereon, to the date of such purchase, payment or redemption, and premium, if any, the necessary amount shall have been deposited with or shall then be held by the Trustee hereunder in trust with irrevocable direction so to apply the same) have been purchased or paid in full and retired or that money in the necessary amount shall have been deposited with or shall then be held by such trustee or other holder of said mortgage or lien, in trust, with irrevocable direction so to apply the same, and that upon the surrender of the bonds so held by the Trustee hereunder, such mortgage or lien will be released, cancelled and discharged, and an opinion of counsel concurring with the statements set forth in such aforesaid certificate and in addition stating that no bonds of any other issue secured by mortgage or other lien, junior in lien to the lien of the mortgage or other lien securing said prior lien bonds but prior in lien to the lien of this Indenture, are outstanding and not deposited with the Trustee hereunder as part of the mortgaged and pledged property, and that the cancellation of such prior lien bonds so held by the Trustee hereunder will not impair the security of the bonds issued hereunder,

shall take steps to procure the cancellation of such prior lien bonds held by it and the obligations thereby evidenced to be satisfied and discharged or shall surrender such bonds for cancellation to the trustee or other holder of the prior lien securing the same. Subject to the provisions of Article XVI hereof, the Trustee may rely on an opinion of counsel in taking any such action. Upon such a cancellation and discharge of any such prior lien, there shall be delivered to the Trus-

tee hereunder evidence satisfactory to it that the said lien has been discharged and released of record. Upon written direction by the Company signed in the manner hereinbefore in this Section provided and upon delivery to the Trustee of a treasurer's certificate and of an opinion of counsel, but without the delivery of a certificate and opinion such as are described in clause (b) of this Section, the Trustee shall surrender any prior lien bonds held by it in pledge hereunder to the trustee or other holder of the mortgage or lien securing the same for cancellation or to be held uncanceled, if such bonds shall have been purchased or redeemed or called for redemption out of any sinking fund or other similar device for the retirement of bonds for which provision may have been made in the mortgage or lien securing the prior lien bonds so surrendered; provided, however, that no such prior lien bonds shall be so surrendered, except for cancellation as aforesaid, until the Trustee shall have received a treasurer's certificate and an opinion of counsel to the effect that the provisions of the mortgage or lien securing the prior lien bonds so to be surrendered are such that no transfer of ownership or possession of such prior lien bonds by the trustee or other holder of such mortgage or lien is permissible except upon default thereunder or except to the Trustee hereunder to be held subject to the provisions of this Section or to the trustee or other holder of the prior lien securing other prior lien bonds for cancellation or to be held uncanceled under the terms of such mortgage or other lien under like conditions.

Except when the Company shall be in default in the payment of the interest on any bonds then outstanding hereunder or during the continuance of a default specified in Section 11.01 hereof, the Trustee, if so directed by an instrument in writing, signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company, and upon delivery to the Trustee of a treasurer's certificate, shall permit the Company to withdraw any prior lien bonds held by the Trustee upon deposit with the Trustee of an amount in cash equivalent to the principal amount of the prior lien bonds so withdrawn.

Any cash deposited with the Trustee pursuant to the provisions of this Section or held by it subject to the provisions of this Section may be withdrawn pursuant to the provisions of Section 10.05 hereof.

Except when the Company shall be in default in the payment of the interest on any bonds then outstanding hereunder or during the

continuance of a default specified in Section 11. 01 hereof, the Trustee shall exercise at the direction of the Company, and upon the occurrence of a default as aforesaid, the Trustee may exercise in its absolute discretion, without the consent of the Company, any and all rights of a bondholder with respect to the prior lien bonds then held by it and may take any action which shall in its judgment be desirable or necessary to avail of the security created for such prior lien bonds by the mortgages or other instruments securing the same, including, but not in limitation, joining in any plan of reorganization, readjustment, arrangement, composition or other similar plan with respect thereto, whether voluntary or involuntary, and may accept and hold hereunder any new obligations or securities issued in exchange therefor under any such plan, but, subject to the provisions of Article XVI hereof, shall be under no obligation to exercise any such rights unless, subject to the provisions of Section 11. 12 hereof, requested so to do by the holders of not less than a majority in principal amount of the bonds then outstanding hereunder. The Trustee shall be reimbursed by the Company upon demand for all expenses by it properly incurred by reason of any such action taken, with interest upon all such expenditures at the rate of six per centum (6%) per annum; and the amount of such expenses and interest shall, until repaid, constitute a lien upon the mortgaged and pledged property prior to the lien of the bonds and coupons issued hereunder.

ARTICLE XI.

Remedies in Event of Default.

SECTION 11. 01. The following events are hereby defined for all purposes of this Indenture (except where the term is otherwise defined for specific purposes) as "defaults":

(a) Failure to pay the principal of any bond hereby secured when the same shall become due and payable, whether at maturity, as therein expressed, or by declaration or otherwise;

(b) Failure to pay interest upon any bond hereby secured for a period of sixty (60) days after such interest shall have become due and payable;

(c) Failure to pay any instalment of any sinking or other purchase fund for a period of ninety (90) days after the same shall have become due and payable;

(d) The expiration of a period of ninety (90) days following:

(1) the adjudication of the Company as a bankrupt by any court of competent jurisdiction;

(2) the entry of an order approving a petition seeking reorganization of the Company or other similar relief under the Federal Bankruptcy Laws or any other applicable law or statute of the United States of America, or any State thereof, of like nature; or

(3) the appointment of a trustee or a receiver of all or substantially all of the property of the Company;

unless during such period such adjudication, order or appointment of a receiver or trustee shall be vacated;

(e) The filing by the Company of a voluntary petition in bankruptcy or the making of an assignment for the benefit of creditors; the consenting by the Company to the appointment of a receiver or trustee of all or any part of its property; the filing by the Company of a petition or answer seeking reorganization or other similar relief under the Federal Bankruptcy Laws or any other applicable law or statute of the United States of America, or of any State thereof; or the filing by the Company of a petition to take advantage of any insolvency act;

(f) Failure to perform any other covenant or agreement contained herein or in any indenture supplemental hereto or in any bond secured hereby for a period of ninety (90) days following the mailing by the Trustee to the Company of a written demand that such failure be cured, such failure not having been cured in the meantime. The Trustee may, and, if requested in writing so to do by the holders of a majority in principal amount of the bonds then outstanding, shall make such demand.

Upon the occurrence of a default, and in each and every such case, the Trustees or either of them, by agents or attorneys, may forthwith enter into and upon all or any part of the mortgaged and pledged property, and may exclude the Company, its agents and servants, wholly

therefrom and may use, operate, manage and control the same, and conduct the business thereof by superintendents, managers, receivers, agents, servants or attorneys, for the benefit of the holders and owners of the bonds issued hereunder, to the fullest extent authorized by law. Upon every such entry, the Trustees may, from time to time, at the expense of the mortgaged and pledged property and of the Company, maintain, restore and insure or keep insured, the tools, machinery, equipment, plants or other properties, buildings and structures of which possession shall be taken as aforesaid; and likewise may, from time to time, at the expense of the mortgaged and pledged property and of the Company, make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon, as to the Trustee may seem judicious. The Trustees, in case of such entry, shall have the right to manage the mortgaged and pledged property and to carry on the business and to exercise all the rights, privileges and franchises of the Company, either in the name of the Company or otherwise as the Trustee shall deem best. In such case the Trustees shall be entitled to collect and receive all tolls, dividends, earnings, income, rents, issues and profits of the mortgaged and pledged property and of every part thereof whether accrued at or before the time of such entry or accruing thereafter. After deducting the expenses of operating the mortgaged and pledged property, and of conducting the business thereof, and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements and all payments which may be made for taxes, assessments, insurance and other proper charges upon the mortgaged and pledged property, or any part thereof, as well as just and reasonable compensation for their own services and for the services of all counsel, agents and employees by them properly engaged and employed, and all other expenses and liabilities incurred and disbursements made by the Trustees hereunder without negligence or bad faith, the Trustees shall apply the money arising as aforesaid, subject to the provisions of Section 7.02 hereof, as follows:

FIRST. In case the principal of none of the bonds shall have become due, by declaration or otherwise, to the payment of the interest in default thereon in the order of the maturity of the installments of such interest, with interest thereon, to the extent permitted by law, at the rate of six per centum (6%) per annum, such payments to be made ratably to the persons entitled thereto

according to the amount due to each by the terms of the bond or bonds held by him; or

SECOND. In case the principal of any of the bonds, less than the whole number outstanding, shall have become due by their terms or by redemption, to the payment of all the interest then due on all the bonds outstanding (with interest on the overdue installments thereof, to the extent permitted by law, at the rate of six per centum (6%) per annum) in the order of the maturity of the installments, and, if any surplus remains, toward the payment of the principal of the bonds then due, such payments in every instance to be made ratably to the persons entitled thereto according to the amounts due them for interest and principal respectively; or

THIRD. In case the principal of all the bonds shall have become due, by declaration or otherwise, to the payment of the whole amount then due and unpaid for either principal or interest or for both principal and interest, upon the bonds, with interest at the rate of six per centum (6%) per annum on the overdue principal and, to the extent permitted by law, on the overdue installments of interest; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such principal and interest ratably, according to the aggregate of such principal and the accrued and unpaid interest without preference or priority of any one series over any other series of bonds, or of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, except as to the difference, if any, in the respective rates of such interest; and

FOURTH. In case any bonds have been called for redemption and default made in the payment of the redemption price, any balance remaining shall be applied to the payment of any premiums payable on such redemption with interest thereon, to the extent permitted by law, at the rate of six per centum (6%) per annum; ratably and without preference or priority of any one series over any other except as to the rates of premium.

Before making any such payment, the Trustee may fix a date for the distribution of such money and may require the presentation of the several bonds and coupons and their surrender if fully paid or for proper notation if only partly paid.

Upon payment in full, as above provided, of whatever sum or sums may be due for principal, premium, if any, or interest, or payable for other purposes, and upon the curing of all other defaults then existing, the mortgaged and pledged property (except money, securities or property then required by the terms hereof to be deposited or pledged, with the Trustees, or either of them) and any excess money in the possession of the Trustees arising as aforesaid shall be returned to the Company, its successors or assigns, as though no default had occurred.

SECTION 11.02. Upon the occurrence of a default, the Trustee may cancel all assignments or orders for the payment of interest or dividends, and all powers of attorney or proxies given to or upon the request of the Company, and the Trustee shall thereupon be entitled to and shall receive and collect, for the benefit of the holders of the bonds, all sums which may thereafter become due and payable as principal, premium, interest or dividends on any securities pledged hereunder or as interest which may thereafter accrue upon any money deposited with the Trustee hereunder. The Trustee, subject to the provisions of Section 7.02 hereof, shall apply any and all moneys so received or collected by it in the same manner as hereinbefore provided in Section 11.01 hereof for the application of money arising from the operation of the mortgaged and pledged property.

Upon payment in full, as above provided, of any sum or sums which may have been due for principal, premium, if any, or interest on the bonds, or payable for other purposes, and upon the fulfillment and performance of all other obligations of the Company in respect of which it was in default under this Indenture, the Company shall thereafter be entitled to receive the income from all securities pledged hereunder (unless such securities shall have been sold as in this Article XI provided) in the same manner and to the same extent as though no default had occurred.

SECTION 11.03. In case, upon the occurrence of a default (the term "default" for the purposes of this Section being hereby defined to be any one or more of the events specified in subsections (a), (b), (c), (1), (2) and (3) of (d), (e) and (f) of Section 11.01 not including any periods of grace provided for in said subsections), and at any time during the continuance of such default, there shall be any existing judgment against the Company unsatisfied and unsecured by bond on appeal, or upon the filing of a bill in equity, or upon other commence-

ment of judicial proceedings by the Trustees, or either of them, to enforce any right under this Indenture, the Trustees, or either of them, shall be entitled forthwith to exercise the right of entry herein conferred, without awaiting the expiration of any such periods of grace, and also to exercise and have any and all other rights, powers and remedies herein conferred and provided to be exercised by the Trustees upon the occurrence of a default as hereinbefore provided; and, as a matter of right, the Trustees, or either of them, shall thereupon be entitled to the appointment of a receiver of all the mortgaged and pledged property and of the earnings, income, rents, issues and profits thereof, whether accruing before, at or after the date of appointment or qualification thereof, with such powers as the court making such appointment may confer; but, notwithstanding the appointment of any receiver or trustee in bankruptcy or in reorganization, readjustment, arrangement, composition or other similar proceedings, the Trustee shall be entitled to continue to retain possession and control of any stocks, bonds or other securities pledged hereunder or cash on deposit with the Trustee under this Indenture.

SECTION 11.04. The Trustee, shall within ninety (90) days after the occurrence thereof, give to the bondholders, in the manner and to the extent provided in subsection (c) of Section 8.04, notice of all defaults known to the Trustee, unless such defaults shall have been cured before the giving of such notice (the term "defaults" for the purposes of this Section being hereby defined to be the events specified in subsections (a), (b), (c), (1), (2) and (3) of (d), (e) and (f) of Section 11.01 not including any periods of grace provided for in said subsections); provided that, except in the case of default in the payment of the principal of or interest on any of the bonds, or in the payment of any sinking or purchase fund installment, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or responsible officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the bondholders. The Trustee shall notify the Co-Trustee of any such determination.

The Co-Trustee shall promptly give to the Trustee notice in writing of all defaults known to the Co-Trustee, but the Co-Trustee shall be under no duty or responsibility with respect to the giving to, or withholding from, bondholders of notice of any default.

SECTION 11.05. Upon the occurrence of a default or upon the happening of any event described in Section 11.03 hereof, the Trustee or the holders of not less than twenty per centum (20%) in aggregate principal amount of all the bonds then outstanding regardless of series or maturity, may, by notice in writing mailed or delivered to the Trustees and the Company, declare the principal of all the bonds then outstanding to be due and payable immediately; and upon any such declaration the same shall become and be immediately due and payable, anything in this Indenture or in said bonds contained to the contrary notwithstanding. This provision is, however, subject to the condition that if, at any time after the principal of said bonds shall have been declared due and payable, all arrears of interest upon such bonds (with interest on overdue installments of interest, to the extent permitted by law, at the rate of six per centum (6%) per annum) and all expenses and charges of the Trustees be paid by the Company, or be collected out of the mortgaged and pledged property before any sale thereof shall have been made, and every default in the observance or performance of any covenant or condition in the bonds or in this Indenture contained (other than a default in the payment of the principal of any bond then due as a result of a declaration) shall have been made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in each and every such case, the holders of a majority in aggregate principal amount of the bonds then outstanding, by written notice to the Company and to the Trustee, may waive such default and its consequences; but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 11.06. Upon the occurrence of a default, the Trustees, or either of them, shall, in their discretion, forthwith and without the lapse of any further period of time, be entitled with or without entry, by their agents or attorneys, to sell, in the manner provided in Section 11.07 hereof, all and singular the mortgaged and pledged property, including all shares of stock and all bonds or other securities then pledged hereunder, and/or, in their discretion, the Trustees, or either of them, may forthwith proceed to protect and enforce their rights and the rights of the holders of the bonds under this Indenture by a suit or suits in equity or at law, for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any

power herein granted, or for the foreclosure of this Indenture, either for interest or for principal, or for both, or for the enforcement of any other appropriate legal or equitable remedy, or for any or all of such purposes, as the Trustees, being advised by counsel, shall deem most effectual in support of any of their rights or duties hereunder. The court may appoint a special master to make any sale under or by virtue of the power of sale herein contained, or by virtue of judicial proceedings, or of any judgment or decree of foreclosure.

SECTION 11.07. In the event of any sale under or by virtue of the power of sale herein contained, or by virtue of judicial proceedings, or by virtue of any judgment or decree of foreclosure and sale thereunder, the whole of the mortgaged and pledged property, including, if the Trustee deems desirable, all stocks, bonds and other securities which may be pledged under this Indenture, may, in the Trustee's discretion, be sold in one parcel, as an entirety, unless such sale as an entirety be impracticable by reason of some statute or other cause, or unless the holders of a majority in aggregate principal amount of all the bonds then outstanding shall in writing direct the Trustee to cause said mortgaged and pledged property, or any part thereof, to be sold in parcels; in which case, so far as lawfully may be, the sales shall be made in such parcels as may be specified in such direction.

Notice of any sale or sales made under the power of sale herein conferred shall state the time and place when and where the same is to be made, and shall contain a brief description of the properties to be sold, and shall be published in such places and in such manner as may be required by law, and such other notice shall also be given as may be required to comply with any statute or law of the state where such sale is made. The Trustees may adjourn any sale under the power of sale herein contained, or cause the same to be adjourned, from time to time, by announcement at the time and place appointed for such sale or sales; and, without further notice or publication, such sale may be made at the time and place to which the same shall be so adjourned, unless otherwise provided by law. In case of any sale of the mortgaged and pledged property, or any part thereof, under the provisions of this Indenture, the whole of the principal of the bonds, together with accrued interest thereon, if not previously due, shall become immediately due and payable, anything in the bonds or in this Indenture contained to the contrary notwithstanding.

Upon the completion of any sale or sales, the Trustees shall execute and deliver to the accepted purchaser or purchasers a deed or deeds of the properties sold, or shall execute and deliver, in conjunction with the deed or deeds of the court officer conducting such sale, a conveyance of the interests of the Trustees in such properties. The Trustees are hereby irrevocably appointed the true and lawful attorney or attorneys of the Company in its name and stead to make, execute and deliver all necessary deeds and acts of conveyance, sale, assignment and transfer of such properties, and to substitute one or more persons or corporations with like power, the Company hereby ratifying and confirming all that its said attorney, attorneys or substitutes shall lawfully do or cause to be done by virtue hereof. Nevertheless, the Company shall, if so requested by the Trustee, ratify and confirm such sale by executing and delivering to the Trustees, or to such purchaser or purchasers, all such proper assignments, deeds, conveyances and releases as may be designated in such request. In any deeds or instruments of conveyance, sale or transfer executed by the Trustees, or either of them, under this Article XI, the recitals therein of default, demand that sale be made, notice of sale, postponement of sale, terms of sale, sale, purchaser, payment of purchase money and any other fact or facts affecting the legality or validity of such sale, shall be effectual and conclusive proof of the facts related therein as against the Company, its successors and assigns and all other persons. Any such sale made under or by virtue of this Indenture, either under the power of sale hereby granted and conferred or under or by virtue of judicial proceedings, shall divest all right, title, interest, estate, claim and demand whatsoever, either at law or in equity, of the Company in, of or to the properties sold and every part thereof and shall be a perpetual bar, both at law and in equity, against the Company, its successors and assigns, and against any and all persons claiming or who may claim the properties sold, or any part thereof, from, through or under the Company, its successors or assigns, respectively.

SECTION 11.08. In case of any sale of the mortgaged and pledged property, or any part thereof, whether under the power of sale hereby granted or pursuant to judicial proceedings, the purchase money, proceeds or avails, together with any other sums which may then be held by or be payable to the Trustees, or either of them, under any of the provisions of this Indenture as part of the security hereunder, other than sums held in trust for the payment or redemption of bonds or for

the payment of interest thereon, shall be applied, subject to the provisions of Section 7.02 hereof, as follows:

FIRST. To the payment of the costs, expenses, fees, and other charges of such sale, and a reasonable compensation to the Trustees, their agents and attorneys, and to the payment of all expenses and liabilities incurred without negligence or bad faith on the part of the Trustees, or either of them, and advances or disbursements made by the Trustees, or either of them, and to the payment of all taxes, assessments or liens prior to the lien of this Indenture except any taxes, assessments or other superior liens subject to which such sale shall have been made;

SECOND. To the payment of the whole amount then due and unpaid either for principal or interest, or for both principal and interest, upon the bonds, with interest at the rate of six per centum (6%) per annum on the overdue principal and, to the extent permitted by law, on the overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such principal and interest ratably, according to the aggregate of such principal and the accrued and unpaid interest, without preference or priority of any one series over any other series of bonds, or of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, except as to the difference, if any, in the respective rates of such interest;

THIRD. To the payment of any premiums on any bonds called for redemption and with respect to which default was made in the payment of the redemption price, with interest at the rate of six per centum (6%) per annum, ratably and without preference or priority of any one series over any other, except as to the rates of premium; and

FOURTH. The remainder, if any, shall be paid over to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Before making any such payment, the Trustee may fix a date for the distribution of such money and may require the presentation of the several bonds and coupons and their surrender if fully paid or for proper notation if only partly paid.

SECTION 11.09. In case of any sale of the mortgaged and pledged property or any part thereof, the purchaser, for the purpose of making settlement or payment for the property purchased, shall be entitled, subject to the provisions of Section 7.02 hereof, to apply towards the payment of the purchase price, and to be credited therewith, any bonds and any matured and unpaid interest coupons or claims for interest to the amount to which such bonds and interest coupons or claims for interest would be entitled upon a distribution among the holders of the bonds of the net proceeds of such sale, after making deductions allowable under the terms hereof for the costs and expenses of the sale, or otherwise; but such bonds and interest coupons or claims for interest so applied in payment by the purchaser shall be deemed to be paid only to the extent so applied. At any such sale the Trustees, or either of them, or any holder of any bond may bid for and purchase such mortgaged and pledged property, and may make payment therefor, as aforesaid, and upon compliance with the terms of sale, may hold, retain and dispose of such properties without further accountability. The receipt of the Trustee, or of the court officer conducting such sale, shall be sufficient discharge for the purchase money to any purchaser of the mortgaged and pledged property, or any part thereof, sold as aforesaid; and no such purchaser, or his representatives, grantees or assigns, upon becoming entitled to and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Indenture or be answerable in any manner whatsoever for any loss, misapplication or non-application of any such purchase money, or any part thereof.

SECTION 11.10. The Company will not at any time insist upon or plead, or in any manner whatever claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force in any locality where the mortgaged and pledged property, or any part thereof, may be situated; and it will not claim, take or insist upon any benefit or advantage of any law now or hereafter in force providing for the valuation or appraisement of the mortgaged and pledged property, or any part thereof, prior to any sale or sales thereof made pursuant to any provision herein contained or the decree of a court of competent jurisdiction; and it will not, after any such sale or sales, claim or exercise any right under any law heretofore or hereafter enacted to redeem the properties so sold or any part thereof. The Company hereby expressly waives for itself and all who may

claim through or under it all benefit and advantage of any such law or laws; and it covenants that it will not in any way hinder, delay or impede the execution of any power herein granted to the Trustees, or either of them, but it will suffer and permit the execution of every such power as if no such law or laws had been enacted.

SECTION 11.11. In case default shall be made in the payment of any installment of interest on any bond issued hereunder when and as such interest shall become due and payable, and any such default shall continue for a period of sixty (60) days, or in case default shall be made in the payment of the principal, or premium, if any, of any such bond when and as the same shall become due and payable, whether at the maturity of said bond or pursuant to notice of redemption or by declaration, as authorized by this Indenture, or by a sale of the mortgaged and pledged property, as hereinbefore provided, or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the bonds and interest coupons or claims for interest hereby secured then outstanding, the principal of all such bonds then due and payable, together with any premium due thereon, and the whole amount then due and payable for interest on such bonds, with interest upon the overdue principal, premium, if any, and installments of interest, to the extent permitted by law, at the rate of six per centum (6%) per annum, and, in case the Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to recover judgment against the Company for the whole amount of such principal, premium, and interest remaining unpaid, as well as judgment for any sums that may be payable hereunder for fees, charges, expenses and liabilities (incurred without negligence or bad faith on the part of the Trustees) of the Trustees hereunder and of the holders of the bonds. The Trustee is hereby irrevocably appointed (and the successive respective holders of bonds and interest coupons issued hereunder, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the bonds and interest coupons issued hereunder, with authority to make or file, irrespective of whether the bonds or any of them are in default as to payment of principal, premium or interest, or whether the Trustee shall have made any demand for payment, in the respective names of the holders of the bonds or interest coupons, or in behalf of all holders of the bonds or interest coupons as a class, such proofs of claim and other papers or documents, to receive payment of any

sums becoming distributable on account thereof, and to execute any other papers and documents and to do and perform any and all acts and things for and in behalf of the respective holders of the bonds or interest coupons, or in behalf of all such holders as a class, as may be necessary or advisable in order to have the respective claims of the Trustees and of the holders of the bonds or interest coupons against the Company allowed in any equity receivership, insolvency, liquidation, bankruptcy, reorganization, readjustment, arrangement, composition or other judicial proceedings relative to the Company or its creditors or its property, and to receive payment of or on account of such claims; and any receiver, assignee, trustee, conservator or similar appointee is hereby authorized by each of the bondholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the bondholders, to pay to the Trustees any amount due for compensation and expenses, including counsel fees, incurred by it up to the date of such distribution.

Subject to the foregoing provisions, the Trustee, to the extent permitted by law, shall be entitled to recover judgment and to file and prove such claims, as aforesaid, at any time before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture upon the mortgaged and pledged property, and the right to recover such judgment and to file and prove such claims shall not be affected by or be prejudicial to any entry or sale hereunder, or by or to the exercise of any powers conferred by any of the provisions of this Indenture, or by or to the foreclosure of the lien hereof; and, in case of a sale of such mortgaged and pledged property, and of the application of the proceeds of sale to the payment of the mortgage debt, the Trustee, as aforesaid, in its own name and as trustee of an express trust, shall be entitled to receive and to enforce payment of any and all deficiencies or amounts then remaining unpaid upon or on account of any or all of the bonds then outstanding hereunder, for the benefit of the respective holders thereof, and shall be entitled to recover judgment for any portion of the mortgage debt remaining unpaid, with interest. No recovery of any judgment by the Trustee, and no levy of any execution under any such judgment upon property subject to the lien of this Indenture, or upon any other property, and no filing or proving of any claim, shall in any manner or to any extent affect or impair the lien of this Indenture upon the mortgaged and pledged property, or any part thereof, or any rights, powers or remedies of the Trustees or of the holders of the bonds hereby secured; but

such lien, rights, powers and remedies shall continue unaffected and unimpaired as before.

In case of any receivership, insolvency, bankruptcy, reorganization, readjustment, arrangement, composition or other judicial proceedings affecting the Company or its property, the Trustees, or either of them, shall have power to intervene in such proceedings and take any action therein that may be permitted by the court and shall (except as may be otherwise provided by law) be entitled to file and prove a claim for the entire amount due and payable by the Company under this Indenture at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Company hereunder after such date, without regard to or deduction for any amount which may have been or which may thereafter be received, collected or realized by the Trustees, or either of them, from or out of the mortgaged and pledged property, or any part thereof or from or out of the proceeds thereof or any part thereof.

Any money collected by the Trustees, or either of them, under this Section shall be applied by the Trustees, subject to the provisions of Section 7.02 hereof, first, to the payment of the costs and expenses of the proceedings resulting in the collection of such moneys, second, to the payment of the fees, charges, expenses and liabilities (incurred without negligence or bad faith on the part of the Trustees) of the Trustees hereunder and of the holders of the bonds, and third, to the payment of the amounts then due and unpaid upon the bonds outstanding hereunder and interest coupons or claims for interest, respectively, without any preference or priority of any kind (except as to the difference, if any, in the respective rates of such interest), but ratably according to the amounts due and payable upon such bonds and interest coupons or claims for interest, respectively. All payments by the Trustees, or either of them, pursuant to this Article XI to the holders of bonds or coupons shall be made, on the respective dates fixed by the Trustee for such distributions, on presentation of the several bonds and coupons. Such bonds and coupons, if fully paid, shall be surrendered and cancelled; if partly paid, the Trustee shall note thereon or otherwise indicate the amount paid and shall return the same to the respective holders.

All rights of action vested in the Trustees, or either of them, pursuant to the provisions of this Indenture may be enforced by the Trustees, or either of them, without the possession of any of the bonds or coupons or the production thereof at any trial or other proceedings relative thereto, and any suit or proceedings instituted by the Trustees,

or either of them, may be brought in their names, as trustees, and any recovery shall be for the *pro rata* benefit, in accordance with the provisions of this Indenture, of the holders of the outstanding bonds and coupons entitled thereto.

SECTION 11.12. Anything in this Indenture contained to the contrary notwithstanding, the holders of not less than a majority in aggregate principal amount of the bonds outstanding hereunder, from time to time, shall have the right, by an instrument or concurrent instruments in writing, executed as provided in Article XII hereof and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustees, or either of them, or of exercising any trust or power conferred upon the Trustees, or either of them, under this Indenture; provided, however, that, subject to the provisions of Article XVI, the Trustees shall have the right to decline to follow any such direction if the Trustees shall be advised by counsel that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith shall by responsible officers determine that the action or proceeding so directed would involve the Trustees, or either of them, in personal liability or be unjustly prejudicial to the non-assenting bondholders.

SECTION 11.13. Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the Trustees or to the holders of the bonds is intended to be exclusive of any other remedy, but every remedy herein provided shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity, or by statute; and every power and remedy given by this Indenture to the Trustees or to holders of the bonds may, subject to the provisions of Section 11.14 hereof, be exercised from time to time and as often as may be deemed expedient. No delay or omission by the Trustees or by any holder of any bond to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any default or an acquiescence therein. In case the Trustees, or either of them, shall have proceeded to enforce any right under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned because of waiver, or for any other reason, or shall have been determined adversely, then, and in each and every such case, the Company and the Trustees shall

severally and respectively be restored to their former positions and rights hereunder in respect of the mortgaged and pledged property, and all rights, remedies and powers of the Trustees shall continue as though no such proceedings had been taken.

SECTION 11. 14. No holder of any bond or coupon shall have the right to institute any suit, action or proceeding at law or in equity upon, or in respect of, this Indenture, or for the execution of any trust or power hereof, or for any other remedy under or upon this Indenture, unless

(a) such holder shall previously have given to the Trustee written notice of the occurrence of a default;

(b) the holders of not less than twenty per centum (20%) in aggregate principal amount of all the bonds then outstanding shall have tendered indemnity to the Trustees against all costs, expenses and liabilities which might be incurred in or by reason of such action, suit or proceeding and shall have requested the Trustee in writing to take action in respect of such default;

(c) the Trustee shall have declined to take such action or shall have failed so to do within sixty days thereafter; and

(d) no directions inconsistent with such written request shall have been given pursuant to Section 11. 12 hereof;

it being understood and intended that no holder of any bond or interest coupon shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Indenture by his action, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings hereunder with respect to the lien hereof or to the mortgaged and pledged property shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of bonds outstanding hereunder.

Nothing contained in this Section shall be deemed to modify the obligation of the Trustees to exercise after default the rights and powers vested in them by this Indenture with the degree of care and skill specified in Section 16. 02, and nothing contained in this Article XI or elsewhere in this Indenture shall affect or impair the right of any bondholder, which is absolute and unconditional, to enforce the payment of the principal of and premium, if any, and interest on his bonds at and after the maturity thereof as therein expressed or as accelerated by call for redemption thereof, or the obligation of the Company, which is also absolute and unconditional, to pay the principal of and premium, if any,

and interest on each of the bonds issued hereunder to the respective holders thereof at the time and place expressed in said bonds and the coupons appurtenant thereto and in said notice of redemption, if any.

ARTICLE XII.

Evidence of Rights of Bondholders.

SECTION 12.01. Any request or other instrument, which this Indenture may require or permit to be signed and executed by the bondholders, may be in any number of concurrent instruments of similar tenor and may be signed or executed by such bondholders in person or by attorneys appointed in writing. Proof of the execution of any such request or other instrument, or of a writing appointing any such attorney, or the holding by any person of the bonds or coupons appertaining thereto, shall be sufficient for any purpose of this Indenture if made in the following manner and, subject to the provisions of Article XVI hereof, shall be conclusive in favor of the Trustees with respect to any action in reliance thereon:

(a) The fact and date of the execution by any person of such request or other instrument or writing may be proved by the certificate under his official seal of any notary public, or other officer in any jurisdiction, having power to take acknowledgments, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution;

(b) The amount of bonds transferable by delivery held by any person executing such request or other instrument or writing as a bondholder, and the series and serial numbers thereof, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depository wheresoever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that on the date therein mentioned such person had on deposit with or exhibited to such depository the bonds described in such certificate. The Trustee may nevertheless in its discretion require further proof in cases where it deems further proof desirable. The ownership of registered bonds and of coupon bonds which shall at the time be registered as to principal shall be proved by the registry books as hereinbefore provided.

Any request, consent or vote of the owner of any bond shall bind all future owners of the same in respect of anything done or suffered by the Company or the Trustees in pursuance thereof.

SECTION 12.02. The Company and the Trustees may deem and treat the bearer of any temporary or coupon bond outstanding hereunder, which shall not at the time be registered as to principal in the name of the holder thereof as hereinbefore authorized, and the bearer of any coupon for interest on any such bond, whether such bond shall be registered or not, as the absolute owner of such bond or coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, and neither the Company nor the Trustees shall be affected by any notice to the contrary.

The Company and the Trustees may deem and treat the person in whose name any registered bond without coupons outstanding hereunder shall be registered upon the books of the Company as herein authorized, as the absolute owner of such bond for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such bond and for all other purposes, and they may deem and treat the person in whose name any coupon bond shall be so registered as to principal as the absolute owner thereof for the purpose of receiving payment thereof or on account thereof and for all other purposes, except to receive payment of interest represented by outstanding coupons; and all such payments so made to any such registered holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid, and neither the Company nor the Trustees shall be affected by any notice to the contrary.

Neither the Company nor the Trustees shall be bound to recognize any person as the holder of a bond outstanding under this Indenture unless and until his bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

ARTICLE XIII.

Defeasance.

SECTION 13.01. If the Company, its successors or assigns, shall pay or cause to be paid unto the holders of said bonds and coupons the principal, premium, if any, and interest to become due thereon at the times and in the manner stipulated therein, and shall keep, perform and

observe all and singular the covenants and promises in said bonds and in this Indenture expressed to be kept, performed and observed by it or on its part, then these presents and the estate and the rights hereby granted shall cease, determine and be void, and thereupon the Trustees shall, upon request of the Company and at its expense and upon delivery to the Trustee by the Company of a treasurer's certificate and an opinion of counsel, cancel and discharge the lien of this Indenture, and execute and deliver to the Company such deeds as shall be requisite to satisfy the lien hereof, and reconvey to the Company the estate and title hereby conveyed and assign and deliver to the Company any property subject to the lien of this Indenture which may then be in the possession of the Trustees, or either of them. Bonds and coupons for the payment or redemption of which money in the necessary amount shall have been set apart by or paid to the Trustee, in trust for such purpose, shall be deemed to be paid within the meaning of this Article XIII on the first date on which the Trustee is authorized to pay such money to the holders of such bonds and coupons.

The Company may at any time surrender to the Trustee for cancellation, or in cancelled form, any bonds of any series previously authenticated hereunder properly endorsed for transfer, if required by the Trustee, and with all unmatured coupons, if any, thereto attached and such bonds, upon such surrender and upon delivery to the Trustee of evidence satisfactory to it of the payment or cancellation of all past due coupons pertaining to said bonds or cash sufficient for the payment of any thereof not so paid or cancelled, shall be deemed to be and shall be paid and retired and shall be cancelled or cremated by the Trustee and a certificate of such cancellation or cremation delivered to the Company.

SECTION 13.02. In case the owner of any bond or any matured coupon entitled to payment hereunder at any time outstanding hereunder shall not, within ten years after the maturity date of such bond or coupon, or if such bond shall have been called for redemption, then within fifteen years after the date fixed for redemption of such bond, claim the amount on deposit with the Trustee or other depository for the payment of such bond, or of such coupon, the Trustee or other depository shall pay over to or upon the written order of the Company the amount so deposited, upon receipt of a request signed by the President or a Vice-President of the Company, and thereupon the Trustee or other depository shall be released from any and all further liability with

respect to the payment of such bond or coupon and the holder of said bond or coupon shall be entitled to look only to the Company as an unsecured creditor for the payment thereof; provided, however, that the Trustee or other depository before being required to make any such payment in excess of \$10,000 may, at the expense of the Company, cause notice that said money has not been so called for and that after a date named therein it will be returned to the Company, to be published once a week for two consecutive weeks (not necessarily on the same day in each week), in a daily newspaper printed in the English language and of general circulation in each of the cities wherein any of such bonds or coupons are expressed to be payable.

ARTICLE XIV.

Immunity of Incorporators, Officers, Stockholders and Directors.

SECTION 14.01. No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any bond or coupon hereby secured, or under any judgment obtained against the Company, or by the enforcement of any assessment or penalty, or by any legal or equitable proceedings by virtue of any constitution or statute or rule of law or otherwise, shall be had against any incorporator, stockholder, officer or director, past, present or future, as such, of the Company, or of any predecessor or successor corporation, either directly or through the Company or such predecessor or successor corporation, or otherwise, for the payment for or to the Company or any receiver thereof, or for or to the holder of any bond or coupon issued or secured hereunder or otherwise, of any sum that may be due and unpaid by the Company upon any such bonds or coupons; and any and all personal liability of every name and nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, stockholder, officer or director, as such, for the payment for or to the Company or any receiver thereof, or for or to the holder of any bond or coupon issued or secured hereunder or otherwise, of any sum that may remain due and unpaid upon the bonds and coupons hereby secured or any of them, is hereby expressly waived and released as a condition of and as part of the consideration for the execution of this Indenture and the issue of such bonds and coupons.

ARTICLE XV.**Consolidations, Mergers, Transfers and Sales.**

SECTION 15.01. Nothing in this Indenture contained shall prevent any lawful consolidation or merger of the Company with or into any other corporation, or any conveyance or transfer, subject to the lien of this Indenture, of all, or substantially all, the mortgaged and pledged property, as an entirety, to any corporation lawfully entitled to acquire and operate the same; provided, however, and the Company covenants and agrees that such consolidation, merger, conveyance or transfer shall be upon such terms as in no respect to impair the lien or priority of lien of this Indenture upon the property then subject hereto, or the security afforded hereby, or any of the rights or powers of the Trustees or the bondholders hereunder and that the provisions and conditions of this Section shall be complied with and the execution of the indenture provided for in this Section shall be a condition to any such consolidation, merger, conveyance or transfer; and provided further that the corporation formed by such consolidation, or into which such merger shall have been made, or acquiring all or substantially all of the mortgaged and pledged property as an entirety as aforesaid, shall execute and deliver to the Trustees hereunder an indenture satisfactory to the Trustee in and by which such corporation shall assume the due and punctual payment of the principal and interest of all the bonds issued hereunder according to their tenor, and the due and punctual performance of all the covenants and agreements of this Indenture to be kept or performed by the Company (other than those contained in subdivision (c) of Section 7.14 and subject to the provisions of Section 15.04), and shall make appropriate covenants to protect the lien and priority of lien of this Indenture, the security afforded hereby, and the rights and powers of the Trustees and bondholders hereunder; and provided further that the property of the other corporation with which the Company shall consolidate or merge or to which all or substantially all the mortgaged and pledged property shall be conveyed shall not be subject to any lien (other than liens which, if they existed upon property of the Company, would constitute excepted encumbrances) which after such consolidation, merger or conveyance will be prior to the lien of this Indenture on the property owned by such corporation, upon completion of such consolidation, merger or conveyance, unless the Company could have acquired such property consistently with the provisions of Section 7.05 hereof.

SECTION 15.02. In case the Company shall be consolidated with or merged into any other corporation, or shall convey or transfer, subject to the lien of this Indenture, all, or substantially all, the mortgaged and pledged property, as an entirety, the corporation resulting from such consolidation, or into which the Company shall have been merged, or which shall have received a conveyance or transfer, as aforesaid (such corporation being hereinafter called the successor corporation), provided it shall first have executed and delivered to the Trustees an indenture as required by the provisions of Section 15.01 hereof, shall succeed to and be substituted for the Company under this Indenture with the same effect as if it had been named herein as the mortgagor corporation, and may thereafter, subject to all the terms, conditions and restrictions in this Indenture prescribed, exercise all the powers and rights which the Company might or could exercise prior to such consolidation, merger or sale; and may, without in any wise limiting the generality of the foregoing, issue bonds hereunder to the extent and for the purposes herein provided with respect to the issuance of bonds by the Company and may also issue, either in the name of such successor corporation or of the Company, any bonds which the Company was entitled to issue but had not issued hereunder. All the bonds so issued shall in all respects have the same legal rank and security as the bonds theretofore or thereafter issued in accordance with the terms of this Indenture as though all of said bonds had been issued at the date of the execution hereof. As a condition precedent to the execution by such successor corporation and the authentication and delivery by the Trustee of any such additional bonds or of the withdrawal, use or application of cash or the release of property under any of the provisions of this Indenture on the basis of property additions of such successor corporation, the indenture with the Trustees to be executed and caused to be recorded by the successor corporation as in this Section provided or a subsequent indenture shall contain a conveyance or transfer and mortgage in terms sufficient to subject to the lien hereof all property owned or thereafter acquired by such successor corporation (except property of a character similar to that excluded from the lien of this Indenture) or such property as such successor corporation is making the basis for the authentication of bonds, the withdrawal, use or application of cash or the release of property hereunder, and the lien created thereby shall have similar force, effect and standing

as the lien of this Indenture would have if the Company itself should acquire or construct such property and request the authentication of bonds or the withdrawal, use or application of cash or the release of property hereunder. Upon the execution and delivery by such successor corporation of an indenture conveying and mortgaging upon the trusts herein declared all the property which it shall own at the date thereof and all that it may thereafter acquire, except property of a character similar to that excluded from the lien of this Indenture, then all property owned by it at the date upon which it became such successor corporation (excluding the property received from the Company) shall, within the meaning of the provisions of Section 15.05 hereof, be deemed to be plant or property operated by others acquired by such successor corporation on the date of such conveyance and mortgage for or on account of the cost or value of which bonds may be issued hereunder subject to the provisions of Article IV hereof.

The Trustees may receive a treasurer's certificate and an opinion of counsel as conclusive evidence, subject to the provisions of Article XVI hereof, that any consolidation, merger, conveyance or transfer, and any supplemental indenture executed in connection therewith, comply with the foregoing conditions and provisions of Section 15.01 hereof and of this Section.

SECTION 15.03. Every such successor corporation shall possess, subject to the terms and conditions of this Indenture, and may from time to time exercise, each and every right and power of the Company, in the name of such successor corporation or otherwise; and any act, proceeding, resolution or certificate by any of the terms of this Indenture required or provided to be done, taken or performed, or made or executed, by any board or officer of the Company shall and may be done, taken and performed, or made and executed, with like force and effect, by the corresponding board or officer of any such successor corporation.

SECTION 15.04. In case the Company, pursuant to this Article XV, shall be consolidated with or merged into any other corporation or shall convey or transfer all or substantially all of the mortgaged and pledged property as an entirety subject to the lien of this Indenture, this Indenture (unless the indenture executed pursuant to Section 15.01 hereof by the corporation resulting from such consolidation or into which the Company shall have been merged or which shall have

received such conveyance or transfer, or a subsequent indenture, conveys and mortgages upon the trusts herein declared all its property then owned or thereafter acquired, subject to the exceptions stated in Section 15.02 hereof) shall not become or be a lien upon any of the properties or franchises of the successor corporation except (a) those acquired by it from the Company and property appurtenant thereto and property which the successor corporation shall thereafter acquire or construct which shall form an integral part or be essential to the use or operation of any property then or thereafter subject to the lien hereof; and (b) the property additions to or about the plants or properties of the successor corporation made and used by it as the basis for the issuance of additional bonds or the withdrawal, use or application of cash or the release of property under this Indenture as herein provided; and (c) such franchises, repairs, renewals, replacements and additional property as may be acquired by the successor corporation to maintain the mortgaged and pledged property in good repair, working order and condition as an operating system or systems and to comply with any covenant or agreement hereof to be kept or performed by the Company and by such successor corporation.

ARTICLE XVI.

Concerning the Trustees.

SECTION 16.01. The Trustee shall at all times be a bank or trust company eligible under Section 7.13 and have a combined capital and surplus of at least Five Million Dollars (\$5,000,000). If the Trustee publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to in Section 7.13, then for the purposes of this Section the combined capital and surplus of the Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

SECTION 16.02. The Trustees hereby accept the trust hereby created. The Trustees undertake, prior to default and after the curing of all defaults which may have occurred, to perform such duties and only such duties as are specifically set forth in this Indenture, and in case of default (which has not been cured) to exercise such of the rights and powers vested in them by this Indenture, and to use the same degree of care and skill in their exercise, as a prudent man would

exercise or use under the circumstances in the conduct of his own affairs.

The Trustees, upon receipt of evidence furnished to them by or on behalf of the Company pursuant to any provision of this Indenture, will examine the same to determine whether or not such evidence conforms to the requirements of this Indenture.

SECTION 16.03. No provision of this Indenture shall be construed to relieve the Trustees from liability for their own negligent action, their own negligent failure to act or their own willful misconduct, except that

(a) prior to default hereunder and after the curing of all defaults which may have occurred, the Trustees shall not be liable except for the performance of such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustees, or either of them, but the duties and obligations of the Trustees, prior to default and after the curing of all defaults which may have occurred, shall be determined solely by the express provisions of this Indenture; and

(b) prior to default hereunder and after the curing of all defaults which may have occurred, and in the absence of bad faith on the part of the Trustees, the Trustees may conclusively rely as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions conforming to the requirements of this Indenture; and

(c) the Trustees shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee or the co-Trustee unless it shall be proved that such trustee was negligent in ascertaining the pertinent facts; and

(d) the Trustees shall not be liable with respect to any action taken or omitted to be taken by them, or either of them, in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustees, or either of them, or exercising any trust or power conferred upon the Trustees, or either of them, under this Indenture.

SECTION 16.04. The recitals contained herein and in the bonds (except the Trustee's authentication certificate) shall be taken as the statements of the Company and the Trustees assume no responsibility for the correctness of the same. The Trustees make no representations as to the value of the mortgaged and pledged property or any part thereof, or as to the title of the Company thereto; or as to the validity or adequacy of the security afforded thereby and hereby, or as to the validity of this Indenture or of the bonds or coupons issued hereunder.

SECTION 16.05. Subject to the provisions of Sections 16.02 and 16.03 hereof, the Trustees shall not be personally liable in case of entry by them, or either of them, upon the mortgaged and pledged property for debts contracted or liability or damages incurred in the management or operation of said property.

SECTION 16.06. To the extent permitted by Sections 16.02 and 16.03:

(1) The Trustees may rely and shall be protected in acting upon any resolution, certificate, opinion, notice, request, consent, order, appraisal, report, bond, or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties; and

(2) The Trustees may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder in good faith and in accordance with the opinion of such counsel; and

(3) The Trustees shall not be liable for any action taken by them in good faith and believed by them to have been authorized or within the discretion or powers conferred upon them by this Indenture.

SECTION 16.07. The Trustees shall not be under any responsibility for the selection or approval of any engineer, accountant, counsel or other expert for any of the purposes expressed in this Indenture, except that nothing in this Section contained shall relieve the Trustee of its obligation to exercise reasonable care with respect to the selection or approval of independent experts who may furnish opinions or certificates to the Trustee pursuant to any provision of this Indenture.

Any resolution of the Board of Directors shall be evidenced to the Trustees, or either of them, by a copy thereof certified by the Secretary or any Assistant Secretary of the Company to have been duly adopted, and the Trustees, or either of them, may accept such copy as conclusive evidence of the adoption of such resolution.

Nothing contained in this Section shall be deemed to modify the obligation of the Trustees to exercise after default (which has not been cured) the rights and powers vested in them by this Indenture with the degree of care and skill specified in Section 16.02.

SECTION 16.08. Subject to the provisions of Sections 16.14 and 16.15, the Trustees, or either of them, may buy, hold, sell or deal in the bonds and coupons, and other securities of the Company, and may engage or be interested in any financial or other transaction with the Company, and may act as, and may permit any of their officers or directors to act as, a member of, or may act as depository, trustee or agent for, any committee formed to protect the rights of the bondholders or the holders of other obligations, whether or not issued hereunder, or to effect or aid in any reorganization growing out of the enforcement of the bonds or this Indenture or other obligations, whether or not any such committee represents the holders of the majority in principal amount of the bonds outstanding hereunder, all as freely as if they were not Trustees hereunder.

SECTION 16.09. Subject to the provisions of Section 13.02, all moneys received by the Trustee, whether as Trustee or paying agent, shall, until used or applied as herein provided, be held in trust for the purposes for which they were paid. The Trustee may allow and credit to the Company interest on any moneys received by it hereunder at such rate, if any, as may be agreed upon with the Company from time to time and as may be permitted by law.

SECTION 16.10. The Company covenants and agrees to pay to the Trustees from time to time, and the Trustees shall be entitled to, reasonable compensation for all services rendered by them in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustees, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Company will reimburse the Trustees for all advances made by the Trustees in accordance with

any of the provisions of this Indenture and will pay to the Trustees from time to time their expenses and disbursements (including the reasonable compensation and the expenses and disbursements of their counsel and of all persons not regularly in their employ). The Company also covenants to indemnify the Trustees for, and to hold them harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustees, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending against any claim of liability in the premises. The Company further covenants and agrees to pay interest at the rate of six per centum (6%) per annum until paid, upon all amounts paid, advanced or disbursed by the Trustees, or either of them, for which they are entitled to reimbursement or indemnity as herein provided. The obligations of the Company to the Trustees under this Section shall constitute additional indebtedness secured hereby. Such additional indebtedness shall be secured by a lien prior to that of the bonds upon the trust estate, including all property or funds held or collected by the Trustees as such.

SECTION 16.11. In order further to assure the Trustees that they will be compensated, reimbursed and indemnified as provided in Section 16.10 and that the prior lien provided for in Section 16.10 upon the trust estate to secure the payment of such compensation, reimbursement and indemnity will be enforced for the benefit of the Trustees, all parties to this Indenture agree, and each holder or owner of any bond by his acceptance thereof shall be deemed to have agreed that in the event of

(1) the adjudication of the Company as a bankrupt by any court of competent jurisdiction,

(2) the filing of any petition seeking the reorganization of the Company or other similar relief under the Federal Bankruptcy Laws or any other applicable law or statute of the United States of America or of any State thereof,

(3) the appointment of one or more trustees or receivers of all or substantially all of the property of the Company,

(4) the filing of any bill to foreclose this Indenture,

(5) the filing by the Company of a petition to take advantage of any insolvency act, or

(6) the institution of any other proceeding wherein it shall become necessary or desirable to file or present claims against the Company,

the Trustees may file from time to time in any such proceeding or proceedings one or more claims, supplemental claims and amended claims as secured creditors for their reasonable compensation for all services rendered by them (including services rendered during the course of any such proceeding or proceedings) and for reimbursement for all advances, expenses and disbursements (including the reasonable compensation and the expenses and disbursements of their counsel and of all persons not regularly in their employ) made or incurred by them in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties herein of the Trustees, and for any and all amounts to which the Trustees are entitled as indemnity as provided in Section 16. 10; and the Trustees and their counsel and agents may file in any such proceeding or proceedings applications or petitions for compensation for such services rendered, for reimbursement for such advances, expenses and disbursements, and for such indemnity. The claim or claims of the Trustees filed in any such proceeding or proceedings shall be reduced by the amount of compensation for services, reimbursement for advances, expenses and disbursements, and indemnity paid to them following final allowance to them and to their counsel and agents by the court in any such proceeding as an expense of administration or in connection with a plan of reorganization or readjustment. To the extent that compensation, reimbursement and indemnity are denied to the Trustees or to their counsel or other agents because of not being rendered or incurred in connection with the administration of an estate in a proceeding or in connection with a plan of reorganization or readjustment approved as required by law, because such services were not rendered in the interests of and with benefit to the estate of the Company as a whole but in the interests of and with benefit to the holders of the bonds, in the execution of the trusts hereby created or in the exercise and performance of any of the powers and duties hereunder of the Trustees or because of any other reason, the court may, to the extent permitted by law, allow such claim, as supplemented and amended, in any such proceeding or proceedings and, for the purposes of any plan of reorganization or readjustment of the Company's obligations, may classify the Trustees as a secured creditor of a class separate and distinct from that of other creditors

and of a class having priority and precedence over the class in which the holders of bonds are placed by reason of having a lien, prior and superior to that of the holders of the bonds, upon the trust estate, including all property or funds held or collected by the Trustees as such. The amount of the claim or claims of the Trustees for services rendered and for advances, expenses and disbursements, including the reasonable compensation and the expenses and disbursements of their counsel and of all persons not regularly in their employ, which are not allowed and paid in any such proceedings but for which the Trustees are entitled to the allowance of a secured claim as herein provided, may be fixed by the court or judge in any such proceeding or proceedings to the extent that such court or judge has or exercises jurisdiction over the amount of any such claim or claims.

If, and to the extent that, the Trustees and their counsel and other persons not regularly in their employ do not receive compensation for services rendered, reimbursement of its or their advances, expenses and disbursements, or indemnity, as herein provided, as the result of allowances made in any such proceeding or by any plan of reorganization or readjustment of obligations of the Company, the Trustees shall be entitled, in priority to the holders of the bonds, to receive any distributions of any securities, dividends or other disbursements which would otherwise be made to the holders of bonds in any such proceeding or proceedings and the Trustee is hereby constituted and appointed, irrevocably, the attorney-in-fact for the holders of the bonds and each of them to collect and receive, in their name, place and stead, such distributions, dividends or other disbursements, to deduct therefrom the amounts due to the Trustees, their counsel and other persons not regularly in their employ on account of services rendered, advances, expenses and disbursements made or incurred, or indemnity, and to pay and distribute the balance, *pro rata*, in accordance with the provisions of this Indenture, to the holders of the bonds and coupons. The Trustees shall have a lien upon any securities or other considerations to which the holders of bonds may become entitled pursuant to any such plan of reorganization or readjustment of obligations, or in any such proceeding or proceedings; and the court or judge in any such proceeding or proceedings may determine the terms and conditions under which any such lien shall exist and be enforced.

SECTION 16.12. Whenever in the administration of the trusts of this Indenture, prior to a default hereunder and after the curing of

all defaults which may have occurred, the Trustees shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustees, be deemed to be conclusively proved and established by a certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company and delivered to the Trustee, and such certificate shall be full warrant to the Trustees for any action taken or suffered by them, or either of them, under the provisions of this Indenture upon the faith thereof.

SECTION 16.13. Whenever it is provided in this Indenture that the Trustees, or either of them, shall take any action upon the happening of a specified event or upon the fulfillment of any condition or upon the request of the Company or of bondholders, the trustee taking such action shall have full power to give any and all notices and to do any and all acts and things incidental to such action.

SECTION 16.14. (a) If the Trustee or the Co-Trustee has or acquires any conflicting interest, as defined by subsection (d) of this Section, the Trustee or the Co-Trustee, as the case may be, shall, within ninety (90) days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign by giving written notice to the Company (and, in the case of the Co-Trustee, by written notice to the Trustee), but such resignation shall not become effective until the appointment of a successor trustee and such successor's acceptance of such appointment. The Company covenants to take prompt steps to have a successor appointed in the manner hereinafter provided in Section 16.18. Upon giving such notice of resignation, the resigning trustee shall publish notice thereof in one daily newspaper printed in the English language and of general circulation in each of the cities in which the principal of any of the bonds then outstanding shall be payable, once in each of three (3) consecutive calendar weeks, in each case on any business day of the week. If the resigning trustee fails to publish such notice within ten (10) days after giving written notice of its resignation to the Company, the Company shall publish such notice.

(b) In the event that the Trustee or the Co-Trustee shall fail to comply with the provisions of the first sentence of the preceding sub-

section (a) of this Section, such trustee shall, within ten (10) days after the expiration of such ninety (90) day period, transmit notice of such failure to the bondholders, in the manner and to the extent provided in subsection (c) of Section 8.04 with respect to reports pursuant to subsection (a) of Section 8.04.

(c) Subject to the provisions of Section 18.02, any bondholder who has been a bona fide holder of a bond or bonds for at least six (6) months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee or the Co-Trustee, as the case may be, and the appointment of a successor, if such trustee fails, after written request therefor by such holder, to comply with the provisions of the first sentence of subsection (a) of this Section.

(d) The Trustee or the Co-Trustee, as the case may be, shall be deemed to have a conflicting interest if—

(1) such trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of an obligor upon the bonds are outstanding, except as otherwise provided in paragraph (1) of subsection (b) of Section 310 of the Trust Indenture Act of 1939, and provided that there shall be excluded from the operation of this paragraph the indenture dated the second day of April, 1928 by and between Gulf Power Company and The National Park Bank of New York (now The Chase National Bank of the City of New York) and Ralph L. Cerero, as Trustees, and any other indenture or indentures under which other securities, or certificates of interest or participation in other securities, of an obligor upon the bonds are outstanding, if the issuer shall have sustained the burden of proving, on application to the Securities and Exchange Commission and after opportunity for hearing thereon, that trusteeship under this Indenture and such other indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify such trustee from acting as such under one of such indentures;

(2) such trustee or any of its directors or executive officers is an obligor upon the bonds or an underwriter for such an obligor;

(3) such trustee directly or indirectly controls, or is directly or indirectly controlled by, or is under direct or indirect common control with, an obligor upon the bonds or an underwriter for such an obligor;

(4) such trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of an obligor upon the bonds, or of an underwriter (other than such trustee itself) for such an obligor who is currently engaged in the business of underwriting, except that (A) one individual may be a director and/or an executive officer of such trustee and a director and/or an executive officer of such obligor, but may not be at the same time an executive officer of both such trustee and of such obligor; (B) if and so long as the number of directors of such trustee in office is more than nine, one additional individual may be a director and/or an executive officer of such trustee and a director of such obligor; and (C) such trustee may be designated by any such obligor or by any underwriter for any such obligor to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary or in any other similar capacity or, subject to the provisions of paragraph (1) of this subsection, to act as trustee whether under an indenture or otherwise;

(5) ten per centum (10%) or more of the voting securities of such trustee is beneficially owned either by an obligor upon the bonds or by any director, partner or executive officer thereof, or twenty per centum (20%) or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or ten per centum (10%) or more of the voting securities of such trustee is beneficially owned either by an underwriter for any such obligor or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, (A) five per centum (5%) or more of the voting securities or ten per centum (10%) or more of any other class of security of an obligor upon the bonds, not including the bonds issued under this Indenture and securities issued under any other indenture under which such

trustee is also trustee, or (B) ten per centum (10%) or more of any class of security of an underwriter for any such obligor;

(7) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, five per centum (5%) or more of the voting securities of any person who, to the knowledge of such trustee, owns ten per centum (10%) or more of the voting securities of, or controls directly or indirectly, or is under direct or indirect common control with, an obligor upon the bonds;

(8) such trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, ten per centum (10%) or more of any class of security of any person who, to the knowledge of such trustee, owns fifty per centum (50%) or more of the voting securities of an obligor upon the bonds; or

(9) such trustee owns on May 15th in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of twenty-five per centum (25%) or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this subsection. As to any such securities of which such trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply for a period of two (2) years from the date of such acquisition, to the extent that such securities included in such estate do not exceed twenty-five per centum (25%) of such voting securities or twenty-five per centum (25%) of any such class of security. Promptly after May 15th in each calendar year, such trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of May 15th. If the Company fails to make payment in full of principal or interest upon the bonds when and as the same become due and payable, and such failure continues for thirty (30) days thereafter, such trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned

capacities as of the date of the expiration of such thirty-day period and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by such trustee with sole or joint control over such securities vested in it shall, but only so long as such failure shall continue, be considered as though beneficially owned by such trustee for the purposes of paragraphs (6), (7) and (8) of this subsection (d).

The specifications of percentages in paragraphs (5) to (9), inclusive, of this subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this subsection only, (A) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms or any certificate of interest or participation in any such note or evidence of indebtedness; (B) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for thirty (30) days or more and shall not have been cured; and (C) the Trustee or the Co-Trustee, as the case may be, shall not be deemed to be the owner or holder of (i) any security which it holds as collateral security (as trustee or otherwise) for an obligation which is not in default as above defined, or (ii) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (iii) any security which it holds as agent for collection, or as custodian, escrow agent or depository, or in any similar representative capacity.

The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(A) A specified percentage of the voting securities of the Trustee, the Co-Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders

of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(B) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(C) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(D) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(1) Securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(2) Securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(3) Securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise;

(4) Securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(E) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes; and provided, further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates

thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

For the purposes of this Section, the term "voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person; the term "director" means any director of a corporation, or any individual performing similar functions with respect to any organization whether incorporated or unincorporated; the term "executive officer" means the president, every vice-president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors; and the term "underwriter" when used with reference to an obligor upon the bonds means every person, who, within three (3) years prior to the time as of which the determination is made, has purchased from such obligor with a view to, or has sold for such obligor in connection with, the distribution of any security of such obligor outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

SECTION 16.15. (a) Subject to the provisions of subsection (b) of this Section, if the Trustee or the Co-Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of an obligor upon the bonds within four (4) months prior to a default (as defined in the last paragraph of this subsection), or subsequent to such a default, then, unless and until such default shall be cured, the Trustee or the Co-Trustee, as the case may be, shall set apart and hold in a special account for the benefit of such trustee individually, the holders of the bonds and the holders of other indenture securities (as defined in the last paragraph of this subsection).

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest effected after the beginning of such four (4) months' period and valid as against such obligor and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this subsection, or from the exercise of any right of set-off which such trustee could have exercised if a petition in bankruptcy had been filed by or against such obligor upon the date of such default; and

(2) all property received in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four (4) months' period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of such obligor and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee or the Co-Trustee, as the case may be,

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than such obligor) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by such trustee to a third person, and (iii) distributions made in cash, securities or other property in respect of claims filed against such obligor in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four (4) months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four (4) months' period and such property was received as security therefor simultaneously with the creation thereof, and if such trustee shall sustain the burden of proving that at the time such property was so received such trustee

had no reasonable cause to believe that a default as defined in the last paragraph of this subsection would occur within four (4) months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such four (4) months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of such trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee or the Co-Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between such trustee, the bondholders and the holders of other indenture securities in such manner that such trustee, the bondholders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against such obligor in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of such trustee anything on account of the receipt by it from such obligor of the funds and property in such special account and before crediting to the respective claims of such trustee, the bondholders and the holders of other indenture securities dividends on claims filed against such obligor in bankruptcy or receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or

receivership or in proceedings for reorganization pursuant to the Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceeding for reorganization is pending shall have jurisdiction (i) to apportion between such trustee, the bondholders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to such trustee, the bondholders and the holders of other indenture securities, with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any trustee who has resigned or been removed after the beginning of such four (4) months' period shall be subject to the provisions of this subsection as though such resignation or removal had not occurred. If any trustee has resigned or been removed prior to the beginning of such four (4) months' period, it shall be subject to the provisions of this subsection if and only if the following conditions exist—

(i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such trustee had continued as trustee, occurred after the beginning of such four (4) months' period; and

(ii) such receipt of property or reduction of claim occurred within four (4) months after such resignation or removal.

As used in this Section, the term "default" means any failure to make payment in full of the principal of or interest upon the bonds or upon the other indenture securities when and as such principal or interest becomes due and payable; and the term "other indenture securities" means securities upon which an obligor upon the bonds is an obligor (as defined in the Trust Indenture Act of 1939) outstanding

under any other indenture (a) under which the Trustee or the Co-Trustee, as the case may be, is also trustee, (b) which contains provisions substantially similar to the provisions of this subsection, and (c) under which a default exists at the time of the apportionment of the funds and property held in said special account.

(b) There shall be excluded from the operation of subsection (a) of this Section a creditor relationship arising from—

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee or the Co-Trustee, as the case may be;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture for the purpose of preserving the property subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances on the trust estate, if notice of such advance and of the circumstances surrounding the making thereof is given to the bondholders as provided in subsections (a), (b) and (c) of Section 8.04 with respect to advances by the Trustee as such;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in the last paragraph of this subsection;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25 (a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of an obligor upon the bonds; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in the last paragraph of this subsection.

As used in this subsection (b), the term "security" shall have the meaning assigned to such term in the Securities Act of 1933, as amended and in force on the date of the execution of this Indenture; the term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven (7) days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand; the term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by an obligor upon the bonds for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee or the Co-Trustee, as the case may be, simultaneously with the creation of the creditor relationship with such obligor arising from the making, drawing, negotiating, or incurring of the draft, bill of exchange, acceptance or obligation.

SECTION 16.16. The Trustee may at any time resign and be discharged of the trusts hereby created by giving written notice to the Company specifying the day upon which such resignation shall take effect and thereafter publishing notice thereof in one daily newspaper printed in the English language and of general circulation in each of the cities in which the principal of any of the bonds then outstanding shall be payable, once in each of three (3) consecutive calendar weeks, in each case on any business day of the week, and such resignation shall take effect upon the day specified in such notice unless previously a successor trustee shall have been appointed by the bondholders or the Company in the manner hereinafter provided in Section 16.18, and in such event such resignation shall take effect immediately on the appointment of such successor trustee. This Section shall not be applicable to resignations pursuant to Section 16.14.

SECTION 16.17. The Trustee may be removed at any time by an instrument or concurrent instruments in writing filed with the Trustee and signed and acknowledged by the holders of a majority in principal amount of the bonds then outstanding or by their attorneys-in-fact duly authorized.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of Section 16.01, then the Trustee shall resign immediately in the manner and with the effect specified in Section 16.16; and, in the event that the Trustee does not resign immediately in such case, then it may be removed forthwith by an instrument or concurrent instruments in writing filed with the Trustee and either (a) signed by the President or a Vice-President of the Company with its corporate seal attested by the Secretary or an Assistant Secretary of the Company or (b) signed and acknowledged by the holders of a majority in principal amount of the bonds then outstanding or by their attorneys-in-fact duly authorized.

SECTION 16.18. In case at any time the Trustee shall resign or shall be removed (unless the Trustee shall be removed as provided in subsection (c) of Section 16.14 in which event the vacancy shall be filled as provided in said subsection) or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a vacancy shall be deemed to exist in the office of Trustee, and a successor or successors may be appointed by the holders of a majority in principal amount of the bonds then outstanding hereunder, by an instrument or concurrent instruments in writing signed and acknowledged by such bondholders or by their attorneys-in-fact duly authorized, and delivered to such new trustee, notification thereof being given to the Company and the retiring trustee; provided, nevertheless, that until a new trustee shall be appointed by the bondholders as aforesaid, the Company, by instrument executed by order of its Board of Directors and duly acknowledged by its President or a Vice-President, may appoint a trustee to fill such vacancy until a new trustee shall be appointed by the bondholders as herein authorized. The Company shall publish notice of any such appointment made by it in the manner provided in Section 16.16. Any new trustee appointed by the Company shall, immediately and without further act, be superseded by a trustee appointed by the bondholders, as above provided, if such appointment by the bondholders be made prior to the expiration of one year after the first publication of notice of the appointment of the new trustee by the Company.

If in a proper case no appointment of a successor trustee shall be made pursuant to the foregoing provisions of this Section within six (6) months after a vacancy shall have occurred in the office of Trustee, the holder of any bond outstanding hereunder or any retiring trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Said court may thereupon after such notice, if any, as such court may deem proper and prescribe, appoint a successor trustee.

If the Trustee resigns because of a conflict of interest as provided in subsection (a) of Section 16.14 and a successor has not been appointed by the Company or the bondholders or, if appointed, has not accepted the appointment within thirty (30) days after the effective date of such resignation, the resigning trustee may apply to any court of competent jurisdiction for the appointment of a successor trustee.

Any trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company eligible under Sections 7.13 and 16.01 and qualified under Section 16.14.

Any trustee which has resigned or been removed shall nevertheless retain the lien upon the trust estate, including all property or funds held or collected by the trustee as such, to secure the amounts due to such trustee as compensation, reimbursement, expenses and indemnity, afforded to it by Section 16.10 and retain the rights afforded to it by Section 16.11.

SECTION 16.19. The rights, powers, duties and obligations conferred or imposed upon the Trustees hereunder, or either of them, shall be exercised or performed by the Trustee or the Trustee and the Co-Trustee jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts; in which event such rights, powers, duties and obligations shall be exercised and performed by the Co-Trustee.

SECTION 16.20. The Company and the Trustee, at any time by an instrument in writing executed by them jointly, may, and upon the demand of the Co-Trustee shall, accept the resignation of or remove the Co-Trustee, and, upon the request of the Trustee, the Company shall, for such purpose, join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to make effective such resignation or removal. In the event that the Company shall not have joined in such action within fifteen

(15) days after the receipt by it of a request so to do, the Trustee alone shall have power to accept such resignation or to remove the Co-Trustee.

In case at any time the Co-Trustee shall resign or shall be removed (unless the Co-Trustee shall be removed as provided in subsection (c) of Section 16. 14 in which event the vacancy shall be filled as provided in said subsection) or shall die or shall become incapable of acting, a successor may be appointed by the Company and the Trustee and, upon the request of the Trustee, the Company shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint such successor. In the event that the Company shall not have joined in such appointment within fifteen (15) days after the receipt by it of a request so to do, the Trustee alone shall have power to make such appointment.

SECTION 16. 21. No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

SECTION 16. 22. The Co-Trustee may at any time by an instrument in writing constitute the Trustee his or its agent or attorney-in-fact, with full power and authority, to the extent which may be permitted by law, to do all acts and things and exercise all discretion authorized or permitted by him or it, for and in behalf of him or it, and in his or its name. In case any Co-Trustee shall die, become incapable of acting, resign or be removed, all the estates, property, rights, powers, trusts, duties and obligations of the Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee without the appointment of a new trustee or successor to the Co-Trustee.

SECTION 16. 23. Any successor trustee appointed hereunder shall execute, acknowledge and deliver to his or its predecessor trustee, and also to the Company and any other trustee then acting hereunder, an instrument accepting such appointment hereunder, and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of his or its predecessor in trust hereunder, with like effect as if originally named as trustee herein; but the trustee ceasing to act shall nevertheless, on the written request of the

Company, or of the successor trustee, or of the holders of ten per centum (10%) in principal amount of the bonds then outstanding hereunder, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor trustee all the right, title and interest of the trustee to which he or it succeeds, in and to the mortgaged and pledged property and such rights, powers, trusts, duties and obligations, and the trustee ceasing to act shall also, upon like request, pay over, assign and deliver to the successor trustee any money or other property subject to the lien of this Indenture, including any pledged securities which may then be in his or its possession. Should any deed, conveyance or instrument in writing from the Company be required by the new trustee for more fully and certainly vesting in and confirming to such new trustee such estates, properties, rights, powers, trusts and duties, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Company.

SECTION 16.24. Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be a party or any corporation to which substantially all the business and assets of the Trustee may be transferred provided such corporation shall be eligible under the provision of Sections 7.13 and 16.01 and qualified under Section 16.14, shall be the successor trustee under this Indenture, without the execution or filing of any paper or the performance of any further act on the part of any other parties hereto, anything herein to the contrary notwithstanding. In case any of the bonds contemplated to be issued hereunder shall have been authenticated but not delivered, any successor to the Trustee may, subject to the same terms and conditions as though such successor had itself authenticated such bonds, adopt the certificate of authentication of the original Trustee or of any successor to it as trustee hereunder, and deliver the said bonds so authenticated; and in case any of said bonds shall not have been authenticated, any successor to the Trustee may authenticate such bonds either in the name of any predecessor hereunder or in the name of the successor trustee, and in all such cases such certificate shall have the full force which it is anywhere in said bonds or in this Indenture provided that the certificate of the Trustee shall have; pro-

vided; however, that the right to authenticate bonds in the name of the Trustee actually executing this Indenture shall apply only to its successor or successors by merger or consolidation or sale as aforesaid.

ARTICLE XVII.

Supplemental Indentures.

SECTION 17.01. The Company, when authorized by resolution of its Board of Directors, and the Trustees, from time to time and at any time, subject to the restrictions in this Indenture contained, may, and when so required by this Indenture shall, enter into such indentures supplemental hereto, as may or shall by them be deemed necessary or desirable, for any one or more of the purposes hereinbefore provided for and for one or more of the following purposes:

(a) To more fully describe or to amplify or correct the description of any property hereby conveyed or pledged or intended so to be, or to assign, convey, mortgage, pledge, transfer and set over unto the Trustees, subject to such liens or other encumbrances, if any, as shall be therein specifically described, additional property or properties of the Company, for the equal and proportionate benefit and security, except as herein otherwise expressly provided, of the holders of all bonds at any time issued and outstanding under this Indenture;

(b) To add other limitations, to be thereafter observed, to the limitations on the authorized issue and purposes of issue of the bonds which may be issued for any of the purposes specified in Articles IV, V and VI hereof; to specify definitive limitations on the total authorized issue of any series of bonds issued hereunder; or to add to the covenants or agreements of the Company for the protection of the bondholders and of the trust estate;

(c) To provide the terms and conditions of redemption of the bonds, and for a special sinking, purchase or other fund for the retirement of the bonds of any particular series;

(d) To provide additional or other restrictions and limitations upon the issue of any new series of bonds or additional covenants and undertakings of the Company with respect thereto;

(e) To provide the terms and conditions of the exchange of bonds of one series for bonds of another or other series, or as to the exchange of bonds of one denomination for bonds of another denomination, of the same series;

(f) To provide that the principal of the bonds of any particular series may be converted at the option of the holders into the capital stock or other bonds of the Company, and the terms and conditions of such conversion;

(g) To evidence the succession of another corporation to the Company, or successive successions, and the assumption by such successor corporation of the covenants and obligations of the Company under this Indenture, and to evidence the succession of a new trustee to any trustee hereunder;

(h) To set forth the form and substance of the bonds, other than bonds of 1971, and the terms, provisions and conditions thereof;

(i) For any other purpose not inconsistent with the terms of this Indenture and which shall not impair the security of the same, including the purpose of supplying an omission, curing any ambiguity or of curing, correcting or supplementing any defective or inconsistent provision contained herein or in any supplemental indenture.

SECTION 17.02. In each and every case provided for in this Article XVII, the Trustees shall be entitled to exercise their discretion in determining whether or not any proposed supplemental indenture or any term or provision therein contained is necessary or desirable, having in view the needs of the Company and the respective rights and interests of the holders of bonds issued and to be issued hereunder; and the Trustees shall be under no responsibility or liability to any holder of any bond for any act or thing which they may do or decline to do in good faith and without negligence, subject to the provisions of this Article XVII, in the exercise of such discretion. The Trustees shall be entitled to receive and, in the absence of negligence and bad faith on their part, shall be fully protected in relying upon a treasurer's certificate and an opinion of counsel as conclusive evidence that any such supplemental

indenture complies with the provisions of this Indenture and any indenture supplemental thereto, and that it is proper for the Trustees, under the provisions of this Article XVII, to join in the execution of such supplemental indenture.

Nothing contained in this Section shall be deemed to modify the obligation of the Trustees to exercise after default (which has not been cured) the rights and powers vested in them by this Indenture with the degree of care and skill specified in Section 16. 02.

SECTION 17. 03. The Trustees are authorized to join with the Company in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained, and to accept the conveyance, transfer and assignment of any property thereunder.

Any supplemental indenture executed in accordance with any of the provisions of this Article XVII shall comply with the provisions of the Trust Indenture Act of 1939 as then in effect and shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be part of the terms and conditions of this Indenture for any and all purposes, and, if deemed necessary or desirable by the Trustee, any of such terms or conditions may be set forth in reasonable and customary manner in the bonds of the particular series to which such supplemental indenture shall apply. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the bonds of any series issued thereafter, if deemed necessary or desirable by the Trustee.

ARTICLE XVIII.

Miscellaneous Provisions.

SECTION 18. 01. All the covenants, stipulations and agreements in this Indenture contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and of the holders of the bonds and of the coupons hereby secured. If any provi-

provision of this Indenture, or the application of any provision to any person or circumstance, shall be held invalid or unenforceable, the remainder, of this Indenture, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18.02. All parties to this Indenture agree, and each holder of any bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustees, or either of them, for any action taken or omitted by them, or either of them, as such trustees, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion, assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustees, or either of them, to any suit instituted by any bondholder, or group of bondholders, holding in the aggregate more than ten per centum (10%) in principal amount of the bonds outstanding, or to any suit instituted by any bondholder for the enforcement of the payment of the principal of or interest on any bond, on or after the respective due dates expressed in such bond.

SECTION 18.03. If, but only to the extent that, any provision of this Indenture limits, qualifies or conflicts with another provision of this Indenture which is required to be included herein by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 18.04. Any notice to the Company under any provision of this instrument shall be sufficiently given if served personally upon any officer of the Company or deposited in the mails addressed to the Company at Pensacola, Escambia County, Florida, or at such other address as may be designated for that purpose in a writing delivered to the Trustee by the Company.

SECTION 18.05. Subject to the provisions of Article XV hereof, whenever in this Indenture any of the parties hereto is referred to,

such reference shall be deemed to include the successors and assigns of such party, and all of the covenants, promises and agreements in this Indenture contained by or on behalf of the Company, or by or on behalf of the Trustees, shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not; but the provisions of this paragraph shall not be deemed to subject to the lien hereof, except to the extent in Article XV hereof provided, the property of any successor corporation not acquired from the Company and not then subject to the lien hereof, unless it shall have expressly agreed that such shall be the case, in the manner provided in Article XV hereof.

SECTION 18.06. The due date of this Indenture shall be the date of maturity of that series of bonds issued or that may at any time hereafter be issued under and secured by this Indenture which, of all the series of bonds issued hereunder, has the latest date of maturity; provided, however, that nothing in this Section shall affect or limit any of the rights or remedies of the Trustees or the bondholders prescribed herein.

SECTION 18.07. The headings of the different Articles of this Indenture are inserted for convenience of reference, and are not to be taken to be any part of these provisions, nor to control or affect the meaning, construction or effect of the same.

SECTION 18.08. This Indenture may be simultaneously executed in any number of counterparts, and all said counterparts, executed and delivered each as an original, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, said Gulf Power Company has caused this Indenture to be executed in its corporate name by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed and to be attested by its Secretary or one of its Assistant Secretaries, and said The Chase National Bank of the City of New York, to evidence its acceptance of the trust hereby created, has caused this Indenture to be executed in its corporate name and its corporate seal to be hereunto affixed by one of its Vice Presidents and its corporate seal to be attested by one of its Assistant Cashiers, and The Citizens & Peoples National Bank of Pensacola, to evidence its acceptance of the trust hereby created, has caused this Indenture to be executed, in its corporate name by its President or one of its Vice-Presidents and its corporate seal to be

hereunto affixed and to be attested by its Cashier or one of its Assistant Cashiers, in several counterparts, all as of the day and year first above written.

GULF POWER COMPANY

By

[Signature]

President.

Attest:

[Signature]
Assistant Secretary.

Signed, sealed and delivered this ^{9th} day of October, 1941 by GULF POWER COMPANY in the presence of:

[Signature]
[Signature]

THE CHASE NATIONAL BANK OF THE

CITY OF NEW YORK,

By

[Signature]

Vice-President.

Attest:

[Signature]
Assistant Cashier.

Signed, sealed and delivered this ^{9th} day of October, 1941 by THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK in the presence of:

[Signature]
[Signature]

THE CITIZENS & PEOPLES NATIONAL

BANK OF PENSACOLA,

By

[Signature]

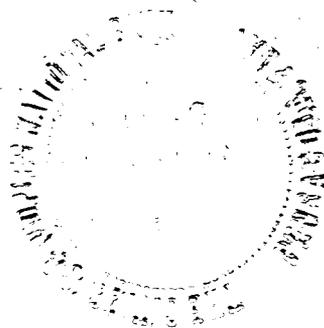
Vice-President.

Attest:

[Signature]
Assistant Cashier.

Signed, sealed and delivered this ¹⁰ day of October, 1941 by THE CITIZENS & PEOPLES NATIONAL BANK OF PENSACOLA in the presence of:

[Signature]
[Signature]



STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

Before the undersigned, a Notary Public in and for said State and County, duly qualified, commissioned and sworn, personally came E. A. YATES and S. A. DAWLEY, each to me well known to be the identical persons described in and who executed the foregoing instrument and to be the President and an Assistant Secretary respectively of GULF POWER COMPANY, the corporation described in and which executed said instrument; and the said E. A. YATES acknowledged and declared that he as President of said corporation and being duly authorized by it, freely and voluntarily, signed its name and caused its corporate seal to be affixed to and executed said instrument in the name of, for and on behalf of said corporation and as and for its act and deed. And the said S. A. DAWLEY acknowledged and declared that he as Assistant Secretary of said corporation, being duly authorized by it, freely and voluntarily affixed the corporate seal of said corporation to said instrument and executed and attested said instrument in the name of, for and on behalf of said corporation and as and for its act and deed.

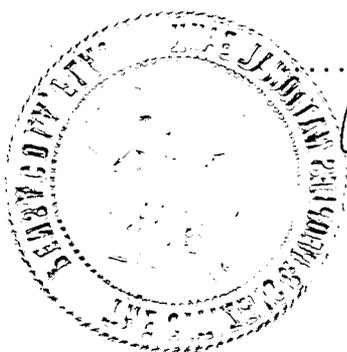
IN TESTIMONY WHEREOF I do hereunto set my hand and official seal at The City of New York in said State and County this 9th day of October, A. D. 1941.

Joseph P. Flemming

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

JOSEPH P. FLEMMING
NOTARY PUBLIC, New York County
N. Y. Co. Clerk's No. 145, Reg. No. 3-F-90
Commission Expires March 30, 1943

On the 9th day of October, in the year one thousand nine hundred and forty-one, before me personally came E. A. YATES, to me known, who being by me duly sworn, did depose and say that he resides in 635 Park Avenue, New York, N. Y.; that he is President of Gulf Power Company, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.



Joseph P. Flemming

JOSEPH P. FLEMMING
NOTARY PUBLIC, New York County
N. Y. Co. Clerk's No. 145, Reg. No. 3-F-90
Commission Expires March 30, 1943

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

Before the undersigned, a Notary Public in and for said State and County, duly qualified, commissioned and sworn, personally came C. E. BUCKLEY, and D. P. STEWART, each to me well known to be the identical persons described in and who executed the foregoing instrument and to be a Vice-President and an Assistant Cashier respectively of THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK, the corporation described in and which executed said instrument; and the said C. E. BUCKLEY acknowledged and declared that he as Vice-President of said corporation and being duly authorized by it, freely and voluntarily, signed its name and affixed its corporate seal to and executed said instrument in the name of, for and on behalf of said corporation and as and for its act and deed. And the said D. P. STEWART acknowledged and declared that he as Assistant Cashier of said corporation, being duly authorized by it, freely and voluntarily attested the execution and ensealing of said instrument in the name of, for and on behalf of said corporation and as and for its act and deed.

IN TESTIMONY WHEREOF I do hereunto set my hand and official seal at The City of New York in said State and County this 9th day of October, A. D. 1941.

Herman G. Wintjen

HERMAN G. WINTJEN
NOTARY PUBLIC, KINGS COUNTY
KINGS COUNTY CLERK'S NO. 289
REGISTER'S NO. 3021
CERTIFICATES FILED IN
NEW YORK COUNTY CLERK'S NO. 59
REGISTER'S NO. 3-W-53
BRONX COUNTY CLERK'S NO. 3
REGISTER'S NO. 5-W-43
COMMISSION EXPIRES MARCH 30, 19

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On the 9th day of October, in the year one thousand nine hundred and forty-one, before me personally came C. E. BUCKLEY, to me known, who being by me duly sworn, did depose and say that he resides in 25 Allenwood Road, Great Neck, N. Y.; that he is a Vice-President of The Chase National Bank of the City of New York, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

Herman G. Wintjen

HERMAN G. WINTJEN
NOTARY PUBLIC, KINGS COUNTY
KINGS COUNTY CLERK'S NO. 289
REGISTER'S NO. 3021
CERTIFICATES FILED IN
NEW YORK COUNTY CLERK'S NO. 59
REGISTER'S NO. 3-W-53
BRONX COUNTY CLERK'S NO. 3
REGISTER'S NO. 5-W-43
COMMISSION EXPIRES MARCH 30, 1943

STATE OF FLORIDA }
COUNTY OF ESCAMBIA } ss.:

Before the undersigned, a Notary Public in and for said State and County, duly qualified, commissioned and sworn, personally came *J. S. Leonard* and *J. W. Singler*, each to me well known to be the identical persons described in and who executed the foregoing instrument and to be a Vice-President and an Assistant Cashier respectively of THE CITIZENS & PEOPLES NATIONAL BANK OF PENSACOLA, the corporation described in and which executed said instrument; and the said *J. S. Leonard* acknowledged and declared that he as Vice-President of said corporation and being duly authorized by it, freely and voluntarily, signed its name and caused its corporate seal to be affixed to and executed said instrument in the name of, for and on behalf of said corporation and as and for its act and deed. And the said *J. W. Singler* acknowledged and declared that he as Assistant Cashier of said corporation, being duly authorized by it, freely and voluntarily affixed the corporate seal of said corporation to said instrument and executed and attested said instrument in the name of, for and on behalf of said corporation and as and for its act and deed.

IN TESTIMONY WHEREOF I do hereunto set my hand and official seal at the City of Pensacola in said State and County this *10th* day of October, A. D. 1941.

D. C. Reese

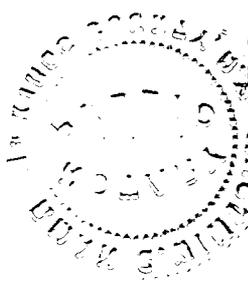
Notary Public, State of Florida at large.
My commission expires Sept. 18, 1945.

STATE OF FLORIDA }
COUNTY OF ESCAMBIA } ss.:

On the *10th* day of October, in the year one thousand nine hundred and forty-one, before me personally came *J. S. Leonard*, to me known, who being by me duly sworn, did depose and say that he resides in *Pensacola, Fla.*; that he is a Vice-President of The Citizens & Peoples National Bank of Pensacola, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that he signed his name thereto by like order.

D. C. Reese

Notary Public, State of Florida at large.
My commission expires Sept. 18, 1945.



SCHEDULE A

All the following pieces or parcels of land, situated in the State of Florida:

1. The Company's "Palmetto Beach" property located in the Western part of the East $\frac{1}{2}$ of Section 51, Township 2 South, Range 30 west, Escambia County, commonly known as the John Donelson Tract, excepting that portion described as follows:

Begin on the East Right-of-way line of Live Oak Street at the Northwest corner of the Gulf Power Company's Palmetto Beach Property as per survey by Stephen Lee in February 1924, run South 41° East along East Right-of-way line of said Street for a distance of 480.29 feet to a stake for a point of beginning of this description, thence turn left 90° to line just traversed and run 81' to a stake, thence turn right 90° to line just traversed and run 121' more or less to a stake on the North Right-of-way line of the St. Louis-San Francisco Railway Company, thence run Southwesterly along the said North Right-of-way line to a stake at its intersection with the East Right-of-way line of above mentioned Live Oak Street, thence run North 41° West along said East Right-of-way line of Live Oak Street to point of beginning of this description, containing approximately $\frac{1}{5}$ acre.

2. The West sixteen feet of Lot No. Three in Square Twenty-seven of the Waterfront of Pensacola, Escambia County, as per map or plan of said Waterfront by Theodore Morens containing sixteen feet on Main Street by eighty feet in depth.

3. Block 13, in the West King Tract, in the City of Pensacola, Escambia County, according to the map of said City, copyrighted by Thos. C. Watson in 1906.

4. Lots one (1) two (2) and three (3) in Block one hundred and fifty-three (153) of the H. Evans reserve in the Town of Bonifay, Holmes County, Florida, according to plat thereof by Thomas Collins, dated April 20, 1909, a copy of which is on file in the office of the Clerk of the Circuit Court of Holmes County, Florida, said lands being located in and part of the Southwest quarter (S. W. $\frac{1}{4}$) of Section thirty-one (31) Township five (5) North Range fourteen (14) West.

5. A rectangular plot of ground twenty-nine feet by fifty feet, the long side of which is adjacent and parallel to the Flomaton-Century Road, the Southwest corner of said plot being one hundred fifty-three and two-tenths feet East of West boundary of Section Thirty-three, and seven hundred thirty-two and two-tenths feet North of the Northwest corner of Southwest quarter of said Section thirty-three in Township Six North, Range thirty West in Escambia County.

6. Lots 1 to 14 inclusive, in Block 10, New City Tract, City of Pensacola, Escambia County, according to the map of the said City copyrighted by Thos. C. Watson in 1906.

7. A parcel of land described as follows:

Commencing at a point on the Southwesterly line of Main Street, according to the plat of Niceville, Okaloosa County, Florida, which plat is on record in the office of the Clerk of the Circuit Court of Okaloosa County, Florida, and embraces lands in Lot four (4) of Section six (6) and Lot two (2) of Section seven (7) in Township one (1) South, Range twenty-two (22) West, said point being seventy-two (72) feet Northwesterly along said Southwesterly line of Main Street from where the Lot line between Lots eight (8) and ten (10) of Block two (2) in said plat of Niceville would intersect the said Southwesterly line of Main Street if said Lot line between said Lots eight (8) and ten (10) in Block two (2) were produced across said Main Street; thence Northwesterly along said Southwesterly line of said Main Street 14.7 Feet; thence South $39^{\circ} 7'$ West a distance of approximately 150 Feet more or less to the waters of Boggy Bayou; thence Easterly along the shore line of Boggy Bayou to a point South $39^{\circ} 7'$ West from point of beginning; thence North $39^{\circ} 7'$ East 150 feet more or less to point of beginning.

8. A parcel of land described as follows:

Commencing at a point on the Southwesterly line of Main Street, according to the plat of Niceville, Okaloosa County, Florida, which plat is on record in the office of the Clerk of the Circuit Court of Okaloosa County, Florida, and embraces Lands in Lot Four (4) of Section Six (6) and Lot Two (2) of Section seven (7) in Township One (1), South, Range Twenty-two (22) West, said point being 69.45 Feet Southeasterly along said Southwesterly line of Main Street from where the Lot line between Lots Eight (8) and Ten (10)

of Block Two (2) in said plat of Niceville would intersect the said southwesterly line of Main Street if said Lot line between said Lots Eight (8) and Ten (10) in Block Two (2) were produced across said Main Street; thence Northwesterly along said Southwesterly line of said Main Street 41.45 Feet, thence South $39^{\circ} 7'$ West a distance of approximately 150 Feet more or less to the waters of Boggy Bayou; thence Easterly along the shore line of Boggy Bayou to a point South $39^{\circ} 7'$ West from point of beginning; thence North $39^{\circ} 7'$ East 150 Feet more or less to point of beginning.

9. A parcel of land described as follows:

Beginning at the Southwest corner of Section six (6), Township Two (2) South, Range thirty (30) West, Escambia County, thence running East along the South Line of said Section, four hundred (400) feet, thence run Northerly on a line parallel with the West line of said Section to a point where said line intersects the West line of the Palmes Grant, thence running in a northwesterly direction to the Northwest corner of Section six (6) thence running Southerly along the West line of Section six (6) to the point of beginning, excepting therefrom the following described property, viz: Commencing at a point on the North line of the right-of-way of public road running West from Palafox Street road along the South line of Section six (6), Township two (2) South, Range thirty (30) West thirty (30) feet East of the West line of said Section six (6) thence running North parallel to West line of said section six (6), one hundred and fifty (150) feet to a point; thence East sixty (60) feet to a point, thence South parallel to the West line of said section six (6) one hundred and fifty (150) feet to a point on the North line of right-of-way of the above mentioned public road, thence West to point of beginning; and excepting therefrom also the following described property, viz: Commencing at the Southwest corner of Section six (6), Township Two (2) South, Range thirty (30) West, said corner being situated in the center of the county road; thence run North along and with the West boundary of said Section six (6), for a distance of fifteen (15) feet more or less, to a point where said West boundary of said Section six (6) intersects the North boundary of said county road; thence run East along and with the North boundary of said county road for a distance of ninety (90) feet to the point of beginning, said point of beginning being the Southeast

corner of a church or school lot; thence run North along and with the East boundary of said church or school lot for a distance of one hundred fifty (150) feet to the Northeast corner of said church or school lot; thence run east one hundred (100) feet to corner; thence run South one hundred fifty (150) feet to a point on the North boundary of said county road; thence run West along and with the North boundary of said county road, one hundred (100) feet to the point of beginning.

Signed for identification:

...*A. Hawley*...
...*Carl J. ...*...
...*R. ...*...

SCHEDULE B**I.****Electric Transmission Lines.**

All the electric transmission lines of the Company, including towers, poles, pole lines, wires, switch racks, switchboards, insulators and other appliances and equipment, and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such transmission lines or any of them, or adjacent thereto, and all service lines extending therefrom; together with all real property, rights of way, easements, permits, privileges, franchises and rights for or relating to the construction, maintenance or operation thereof, through, over, under or upon any private property or any public streets or highways within as well as without the corporate limits of any municipal corporation or other governmental subdivision, including the following described property in the State of Florida:

1. The Bonifay to DeFuniak Springs Transmission Line extending from Bonifay Substation Tap in Holmes County, 28.79 miles, more or less, to the Company's 22,000 volt substation at DeFuniak Springs in Walton County.

2. The Century Transmission Line, extending from the Florida State line in Escambia County, 1.35 miles, more or less, to the Century substation, in Escambia County.

3. The Chipley Transmission Line, extending from the Company's substation at Chipley in Washington County, 6.93 miles, more or less, to a point in Holmes County where it intersects the Graceville to Bonifay Transmission Line.

4. The Crestview to Niceville Transmission Line extending from the Company's 44,000 volt Substation at Crestview in Okaloosa County, 18.24 miles, more or less, to the Company's 44,000 volt Substation at Niceville in Okaloosa County.

5. The Flomaton to Pensacola Transmission Line extending from the Florida State line in Escambia County, 39.4 miles, more or less, to the Company's primary substation at Pensacola in Escambia County.

6. The State Line to Graceville Transmission Line extending from the Florida State line in Holmes County, 2.01 miles, more or less, to the Company's substation at Graceville in Jackson County.

7. The Graceville to Bonifay Transmission Line, extending from the Company's substation at Graceville in Jackson County, 15.48 miles, more or less, to the Company's substation at Bonifay in Holmes County.

8. The State Line to Crestview Transmission Line, extending from the Florida State Line in Okaloosa County, 21.75 miles, more or less, to the Company's 44,000 volt Substation at Crestview in Okaloosa County.

9. The State Line to Graceville Transmission Line, extending from the Florida State Line in Holmes County, 2.01 miles, more or less, to the Company's Primary Substation in Holmes County, near Graceville in Jackson County.

Together with the following franchises and rights under which such property, or any of it, is or may be constructed, operated or maintained:

(a) Franchise granted to the Company by the County of Bay by resolution dated November 5, 1926.

(b) Franchise granted to the Company by the County of Escambia by resolution dated January 26, 1926.

(c) Franchise granted to the Company by the County of Escambia by resolution dated November 20, 1926.

(d) Franchise granted to the Company by the County of Holmes by resolution dated June 14, 1927.

(e) Franchise granted to the Company by the County of Jackson by resolution dated July 12, 1927.

(f) Franchise granted to the Company by the County of Walton by resolution dated June 28, 1927.

(g) Franchise granted to the Company by the County of Washington by resolution dated May 10, 1927.

(h) Franchise granted to the Company by the County of Okaloosa by resolution dated March 27, 1928.

(i) Franchise granted to the Company by the County of Santa Rosa by resolution dated September 19, 1928.

(j) Franchise granted to the Company by the County of Calhoun by resolution dated July 14, 1941.

II.

Distribution Systems.

All the electric distribution systems of the Company, including substations, transformers, switchboards, towers, poles, wires, insulators, subways, trenches, conduits, manholes, cables, meters and other appliances and equipment and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such distribution systems or any of them, or adjacent thereto; together with all real property, rights of way, easements, permits, privileges, franchises and rights for or relating to the construction, maintenance or operation thereof, through, over, under or upon any private property or any public streets or highways within as well as without the corporate limits of any municipal corporation or other governmental subdivision, including the following described property in the State of Florida:

1. The Bonifay system as constructed and equipped at and near Bonifay in Holmes County, and the following franchise under which such system is or may be operated:

Franchise granted to Houston Power Company by the Mayor and City Council of Bonifay by ordinance adopted December 21, 1925.

2. The Campbellton system as constructed and equipped at and near Campbellton in Jackson County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the Mayor and Town Council of Campbellton by ordinance adopted November 2, 1927.

3. The Caryville system as constructed and equipped at and near Caryville, in Washington County.

4. The Century system as constructed and equipped at and near Century in Escambia County.

5. The Chipley system as constructed and equipped at and near Chipley in Washington County, and the following franchise under which such system is or may be operated:

Franchise granted to Houston Power Company by the Mayor and City Council of Chipley by ordinance adopted November 5, 1925.

6. The Crestview system as constructed and equipped at and near Crestview in Okaloosa County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the Town Council of Crestview by ordinance adopted December 11, 1928.

7. The DeFuniak Springs system as constructed and equipped at and near DeFuniak Springs in Walton County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the Mayor and Town Council of DeFuniak Springs by ordinance adopted April 25, 1927.

8. The Fort Walton system as constructed and equipped at and near Fort Walton in Okaloosa County.

9. The Graceville system as constructed and equipped at and near Graceville in Jackson County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the Mayor and City Council of Graceville by ordinance adopted March 15, 1926.

10. The Laurel Hill system as constructed and equipped at and near Laurel Hill in Okaloosa County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the Mayor and Town Council of Laurel Hill by ordinance adopted October 13, 1930.

11. The Lynn Haven system as constructed and equipped at and near Lynn Haven in Bay County, and the following franchise under which such system is or may be operated:

Franchise granted to Houston Power Company by the City Commission of the City of Lynn Haven by ordinance adopted March 2, 1926.

12. The Milton system as constructed and equipped at and near Milton in Santa Rosa County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the Mayor and Town Council of Milton by ordinance adopted June 12, 1928.

13. The Niceville system as constructed and equipped at and near Niceville in Okaloosa County.

14. The Panama City system as constructed and equipped at and near Panama City in Bay County, and the following franchises under which such system is or may be operated:

(a) Franchise granted to the Company by the Mayor and City Council of Panama City by ordinance adopted February 1, 1926.

(b) Franchise granted to the Company by the Mayor and City Council of Millville in Bay County by ordinance adopted March 3, 1926.

(c) Franchise granted to the Company by the Mayor and City Council of St. Andrews in Bay County by ordinance adopted January 14, 1926.

15. The Pensacola system as constructed and equipped at and near Pensacola in Escambia County, and the following franchises under which such system is or may be operated:

(a) Franchise granted to Escambia County Electric Light and Power Company by Special Act of the Legislature of the State of Florida adopted June 2, 1899. (Acts of 1899, page 250.)

(b) Franchise granted to Pensacola Electric Light & Power Company by the Board of Commissioners of Pensacola by ordinance approved November 10, 1888.

16. The Ponce de Leon system as constructed and equipped at and near Ponce de Leon in Holmes County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the President and Town Council of Ponce de Leon by ordinance adopted June 2, 1927.

17. The Springfield system as constructed and equipped at and near Springfield in Bay County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the Mayor and Town Council of Springfield by ordinance adopted June 4, 1935.

18. The Valparaiso system as constructed and equipped at and near Valparaiso in Okaloosa County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the Board of Commissioners of the City of Valparaiso by ordinance approved August 8, 1927.

19. The Vernon system as constructed and equipped at and near Vernon in Washington County, and the following franchise under which such system is or may be operated:

Franchise granted to the Company by the Mayor and the City Council of Vernon by ordinance adopted March 5, 1940.

20. The Warrington system as constructed and equipped at and near Warrington, in Escambia County, and the following franchise under which such system is or may be operated:

Franchise granted to Warrington Utilities Company, a corporation, by the Board of County Commissioners of Escambia County, Florida, by resolution adopted February 23, 1932.

21. The distribution systems constructed to serve the following unincorporated communities:

Bluff Springs, Bogia, Bratt, Cantonment, Cottage Hill, Gonzalez, Gull Point, Innerarity Point, Klondyke, McDavid, Millview, Molino and Pleasant Grove, in the County of Escambia.

Beacon Beach, Calloway, Cromanton, Laguna Beach, San Blas, West Bay and Youngstown, in the County of Bay.

Argyle, Lakewood, Paxton and Clear Springs, in the County of Walton.

Bagdad, Floridatown, Jay and Town Point, in the County of Santa Rosa.

Baker, Destin, Florosa, Mary Esther and Milligan, in the County of Okaloosa.

Together with the following franchises and rights under which such property, or any of it, is or may be constructed, operated or maintained:

(a) Franchise granted to the Company by the County of Bay by resolution dated November 5, 1926.

(b) Franchise granted to the Company by the County of Escambia by resolution dated January 26, 1926.

(c) Franchise granted to the Company by the County of Escambia by resolution dated November 20, 1926.

(d) Franchise granted to the Company by the County of Holmes by resolution recorded in Vol. 6, Minutes of the County Commissioners of Holmes County at page 361.

(e) Franchise granted to the Company by the County of Jackson by resolution dated July 12, 1927.

(f) Franchise granted to the Company by the County of Walton by resolution recorded in Vol. 7, Minutes of the County Commissioners of Walton County at pages 458-9.

(g) Franchise granted to the Company by the County of Washington by resolution recorded in Vol. 8, Minutes of the County Commissioners of Washington County at page 88.

(h) Franchise granted to the Company by the County of Okaloosa by resolution dated March 27, 1928.

(i) Franchise granted to the Company by the County of Santa Rosa by resolution dated September 19, 1928.

(j) Franchise granted to the Company by the County of Calhoun by resolution dated July 14, 1941.

(k) Permit granted to the Company by the Government of the United States dated May 10, 1934.

(l) Two permits granted to the Company by the Government of the United States dated August 14, 1936.

(m) Two permits granted to the Company by the Government of the United States dated April 17, 1937.

(n) Permit granted to the Company by the Government of the United States dated January 8, 1938.

(o) Permit granted to the Company by the Government of the United States dated April 8, 1938.

(p) Permit granted to the Company by the Government of the United States dated June 10, 1938.

(q) Permit granted to the Company by the Government of the United States dated June 1, 1939.

(r) Permit granted to the Company by the Government of the United States dated May 7, 1934.

III.

Substations.

All the substations of the Company for transforming or distributing or otherwise regulating electric current at any of its plants and elsewhere, together with all buildings, transformers, wires, insulators and other appliances and equipment, and all other property, real or personal, forming a part of or appertaining to or used, occupied or

enjoyed in connection with any of such substations or adjacent thereto, including the following described property in the State of Florida:

1. The Bay Harbor substation, located at Millville, near Panama City in Bay County, on property of the Southern Kraft Corporation.

2. The Bonifay substation at Bonifay in Holmes County and located on lands described as follows:

Lot No. 7 in Block 65 according to map of Bonifay drawn by G. W. Banfill, such map or plat being duly filed in the office of the Clerk of the Circuit Court of Holmes County.

3. The Caryville substation, near Caryville in Holmes County, located on lands described, as follows:

Commence at the Southeast corner of Section thirty-five (35) Township five (5) north, Range sixteen (16) West, thence run North along the Eastern boundary line of said Section (35) a distance of 2,199 feet to a point where the North boundary line of the Gulf Power Company's 100 foot right of way intersects the Eastern boundary line of Section 35; thence run South 72 degrees 05 minutes West, a distance of 1,205 feet to a point of beginning. Beginning at said point run North 17 degrees 85 minutes West a distance of 50 feet, to a point, thence run North 72 degrees 05 minutes East a distance of 50 feet, to a point, thence run South 17 degrees 85 minutes East, a distance of 50 feet to a point, thence run South 72 degrees 05 minutes West, a distance of 50 feet to the point of beginning.

4. The Century substation at Century, in Escambia County located on lands described as follows:

That portion of the Southwest $\frac{1}{4}$ of the South east $\frac{1}{4}$ of Section 32, Township 6 North Range 30 West in Escambia County, Florida, described as follows:

Begin at a point on the Western right of way line of the Pensacola-Flomaton Highway measured 100 feet South at right angles from the north line of the aforesaid Southwest $\frac{1}{4}$ of the South-east $\frac{1}{4}$ and run thence West parallel to said north line 138 $\frac{3}{4}$ feet; thence South parallel to the West line of said Southwest $\frac{1}{4}$ of South-

east $\frac{1}{4}$ 136 feet, thence East parallel to the said North line 161 $\frac{1}{4}$ feet, more or less, to said Western right of way line; thence Northward along said right of way line to the point of beginning.

5. The Chipley substation at Chipley in Washington County, located on lands described as follows:

Commencing at the southeast corner of Lot 3 in Block F of the Hagerman Addition to the City of Chipley in Section 33, Township 5 North, Range 13 West, and running thence North along the eastern boundary line of said Lot 3 for a distance of 140 feet to a 21 foot alleyway extending across the north side of said Lot 3, thence West 50 feet, thence south 140 feet to the southern boundary line of said Lot 3, thence east along said southern boundary line to the point of beginning, being a part of said Lot 3.

6. The Crestview substation at Crestview, in Okaloosa County, located on lands described as follows:

That portion of Block F of the Town of Crestview, Okaloosa County, Florida, according to the map or plat of said Town made by G. K. Armes, and on file in the office of the Clerk of the Circuit Court of Okaloosa County, described as follows, to-wit:

Starting at the southwest corner of said Block F thence run north 41 degrees 0 minutes west along Brett Street 100 feet to the point of beginning, being the northwest corner of Standard Oil Company's property; thence continue north 41 degrees 0 minutes west 102 feet; thence run north 49 degrees 0 minutes East 49 feet; thence run south 37 degrees 0 minutes East 34 feet; thence run north 48 degrees 25 minutes east 18.4 feet; thence run north 41 degrees 0 minutes west 131.7 feet to Oakdale Avenue; thence run north 49 degrees 0 minutes east along Oakdale Avenue 181 feet to Louisville & Nashville Railroad right-of-way; thence run southerly along said right-of-way 224.02 feet; thence run south 41 degrees west 142 feet to the point of beginning.

7. The DeFuniak Springs substation, at DeFuniak Springs, in Walton County, located on lands described as follows:

A tract of land situated in Section 35, Township 3 North, Range 19 West and consisting of parts of Lots 658, 659, and 660 according

to the map of Lake DeFuniak drawn by W. J. Van Kirk, such tract of land being more particularly described as follows: Beginning at the Southwest corner of Lot 658 and running thence East along the South line of said Lots 658, 659, and 660 a distance of 107 feet; thence at an angle of 90° to the left and in a northerly direction for a distance of 50 feet, thence at an angle of 90° to the left and in a westerly direction for a distance of 57 feet more or less, to the West line of said lot 659; thence at an angle of 90° to the right and in a northerly direction along the west line of said lot 659 for a distance of 44 feet 2 inches; thence at an angle of 90° to the right in an easterly direction and along the south wall of the boiler room of the Company's power and pumping plant for a distance of 20 feet 10 inches, more or less, to the center of the East wall of said boiler room; thence at an angle of 90° to the left, in a northerly direction and along the center of said east wall for a distance of 24 feet 8 inches, thence at an angle of 90° to the right and in an easterly direction for a distance of 20 feet 4 inches; thence at an angle of 90° to the right and along the East line of the East wall of the Company's said power and pumping plant in a southerly direction for a distance of 24 feet 8 inches to the Southeast corner of said power and pumping plant; thence at an angle of 90° to the left in an easterly direction for a distance of 36 feet, thence at an angle of 90° to the left in a northerly direction for a distance of 45 feet 10 inches, more or less, to the North line of Lot 660, thence at an angle of 90° to the left along the North line of said lots 660, 659, and 658 for a distance of 95 feet 2 inches; thence in a southerly direction parallel to the West line of said Lot 658 a distance of 86 feet; thence to the right at an angle of 90° and in a Westerly direction a distance of 32 feet more or less to a point on the West line of said lot 658; thence to the left at an angle of 90° and in a southerly direction along the West line of said lot 658 a distance of 54 feet more or less to the point of beginning.

8. The East Hill substation, at Pensacola, in Escambia County located on land described in this Schedule B under Gas Properties.

9. The East Pensacola Heights substation, at East Pensacola Heights, near Pensacola, in Escambia County located on lands described as follows:

Lots thirty-one (31) and thirty-two (32), Block seventy-three (73) East Pensacola, according to map drawn by J. E. Kauser, in January 1893.

10. The Eglin Field Substation at Eglin Field, near Valpariso, in Okaloosa County, located on lands owned by the United States Government.

11. The Ellyson Field Substation located adjacent to Ellyson Field near Pensacola, in Escambia County on lands described as follows:

To locate the beginning corner of this tract (being a portion of Lot 2, Section 16, Township 1 South, Range 30 West), commence at the S. W. Corner of the Jos. Noriaga Grant (Sec. 15, T. 1S., Range 30 West), thence South 74° East along the South line of said Section 15, for a distance of 503.6 feet to a point; thence Southwardly at right angles 50 feet to a point on the east right-of-way line of Ferry Pass Highway, which point is also 33 feet distant from the center line of said Highway; thence eastwardly parallel to the south line of said Section 15 for a distance of 700 feet to a point of beginning. From said beginning point run Southwardly at right angles to the South line of said Section 15 for a distance of 150 feet to a stake; thence eastwardly at right angles for a distance of 50 feet to a stake in the West line of a 50 foot road; thence northwardly with said West line of said 50 foot road for a distance of 150 feet to a stake; thence westwardly at right angles for a distance of 50 feet to the point of beginning. Said tract of land hereinabove described being a lot 50' x 150', fronting 50' on the Nine Mile Road leading to the Ellyson Field and being bounded on its east line by a 50' road, and on the south and west by lands of Boley.

12. The Graceville Primary or Transmission Substation, near Graceville in Jackson County, located on lands described as follows:

Commence at the northeast corner of Section thirty-three (33) Township seven (7) north, Range thirteen (13) West, run thence South eighty-seven (87) degrees twenty-seven (27) minutes West along northern boundary of said section, 2673.6 feet to the center of said northern boundary of said section, which said point is in the center of public road; run thence South 2 degrees 32 minutes

East along the north and south median line of said section, which is also the center of said road 1733.4 feet to a point in the center line of public road leading to Graceville, Florida; run thence South 46 degrees 28 minutes East along center line of said road 418 feet; run thence north 74 degrees 25 minutes East $33\frac{1}{3}$ feet to an iron pipe on line of fence for point of beginning; run thence South 46 degrees 28 minutes East along said fence and parallel with center line of said road 397.9 feet to an iron pipe; run thence north 43 degrees 32 minutes East 172 feet to an iron pipe; run thence north 31 degrees 00 minutes west 263 feet to an iron pipe; run thence south 74 degrees 25 minutes West 281.5 feet to point of beginning; said lot being situated in Southwest quarter ($SW\frac{1}{4}$) of northeast quarter ($NE\frac{1}{4}$) of said section, containing 2 acres of land, more or less.

13. The Graceville City Substation in Graceville in Jackson County located on lands described as follows:

Beginning at southwest corner of the northwest quarter of northeast quarter of Section 3, Township 6 North, Range 13 West, run thence north 40 feet to the north side of Fourth Street in the Town of Graceville, which is the point of beginning. From said point of beginning run thence north along the west line of the said northwest quarter of northeast quarter, Section 3, Township 6 North, Range 13 West, 265 feet to the south boundary line of the right of way of the Company's State Line to Graceville transmission line, thence east along said right of way 50 feet, thence south parallel with west line of said northwest quarter of northeast quarter of said Section, 265 feet to the north boundary line of Fourth Street in the Town of Graceville, thence west along north boundary of said Fourth Street 50 feet to the point of beginning. Said lot of land so described being in and a part of the northwest quarter of the northeast quarter of Section 3, Township 6, North, Range 13 West.

14. The Laurel Hill Substation, at Laurel Hill in Okaloosa County located on lands described as follows:

Commence at the northeast corner of section nine (9) Township five (5) north, Range twenty-two (22) West; run thence in a South-

erly direction along the East boundary of said section fourteen hundred and ten (1410) feet to the center line of the Florala-Crestview transmission line right of way of Gulf Power Company; thence South sixty-two (62) degrees fifty (50) minutes west along the center line of said right of way, 2065.1 feet to an angle in said right of way; run thence South twenty-seven (27) degrees seventeen (17) minutes West along the center line of said right of way 306.9 feet to the East and West median line of said Section; thence run north eighty-nine (89) degrees four (4) minutes West along said median line, one hundred and sixty-six (166) feet to the West boundary of Laurel Hill and DeFuniak Springs public road for a point of beginning; continue thence in the same direction seventy-five (75) feet to a point which is four hundred eighty-three (483) feet from the center of said section; run thence South thirty-one (31) degrees fifty-two (52) minutes East one hundred ninety-three and sixteen one hundredths (193.16) feet to the West boundary of said transmission line right of way; run thence north twenty-seven (27) degrees seventeen (17) minutes East, seventy-three and fifty-seven one hundredths (73.57) feet to the South boundary of said public road; run thence north thirty-one (31) degrees fifty-two (52) minutes West along the South boundary of said road one hundred fourteen and eighty-nine one hundredths (114.89) feet to the point of beginning. Said lot being situated in the Northwest quarter of the Southeast quarter of said section and containing twenty-three one hundredths (.23) acres, more or less.

15. The Milton Substation at Milton in Santa Rosa County located on lands described as follows:

That part of lot one (1), in Block 75 in the said Town in Milton, Florida, described as follows: Beginning at a point on the north boundary line of Lot one (1) in Block 75 according to the plat of the Town of Milton as made by W. J. Stephens, 61 feet easterly from the northwest corner; thence run southerly along a line making an angle of 82 degrees and 58 minutes to the right from the north boundary line of said Lot a distance of 120.5 feet to a point in the south boundary line of said Lot; thence run east along the south boundary line of said lot a distance of 46.5 feet to a point; thence run north along a line at right angles with the south

boundary line of said Lot a distance of 113 feet to a point in the north boundary line of said Lot; thence run westerly along the north boundary line of said Lot a distance of 42 feet to the point of beginning.

16. The Newport Company metering and switching structure at Pensacola, in Escambia County located on the property of Newport Industries, Incorporated.

17. The New Warrington Substation at Warrington, near Pensacola, in Escambia County located on lands described as follows:

A parcel of land situated in the western part of the East half of Section 51, Township 2 South Range 30 West, commonly known as John Donelson Tract, in Escambia County, Florida, described as follows: Begin on the East Right-of-way line of Live Oak Street at the Northwest corner of the Gulf Power Company's Palmetto Beach Property as per survey by Stephen Lee in February 1924, run South 41° East along East Right-of-way line of said Street for a distance of 480.29 feet to a stake for a point of beginning of this description, thence turn left 90° to line just traversed and run 81' to a stake, thence turn right 90° to line just traversed and run 121' more or less to a stake on the North Right-of-way line of the St. Louis-San Francisco Railway Company, thence run South westerly along the said North Right-of-way line to a stake at its intersection with the East Right-of-way line of above mentioned Live Oak Street, thence run North 41° West along said East Right-of-way line of Live Oak Street to point of beginning of this description, containing approximately $\frac{1}{5}$ acre.

18. The Niceville Substation at Niceville, in Okaloosa County located on lands described as follows:

Start at the Half Section stake on South line of section one Township One South Range twenty three West and run East 129.6 feet; Thence run North 105 feet for a point of beginning; Thence East parallel to section line 158.37 feet; Thence north 100 feet; Thence West 150 feet; Thence South Westerly along highway No. 10—100.29 feet to point of beginning. The above land being in Section 1 Township 1 South Range 23 West, Okaloosa County, Florida.

19. The Panama City Substation, at Panama City in Bay County located on lands described as follows:

Sixty (60) feet taken off the West end of Lot eleven (11) Block thirty-two (32), as per plat of the Gulf Coast Development Company's First Addition to Panama City, Florida, said plat being recorded in the office of the Clerk of the Circuit Court, in and for Bay County, Florida, said lot being a part of Section nine (9), Township four (4) South, Range fourteen (14) West.

20. The 110 KV substation at Pensacola in Escambia County, located on lands described as follows:

A parcel of land situated in Section 44, Township 1 South, Range 30 West, being the Antonio Collins Grant, described as follows: Commence at the southeast corner of said Section 44, thence run in a westerly direction along and with the south boundary line of said Section 44 for a distance of 1254.3 feet, more or less, to a point at the intersection of the westerly boundary line of the right of way of the Muscle Shoals, Birmingham & Pensacola Railroad with the south line of said Section 44. This is the point of beginning. Thence from said point of beginning run north 15 degrees 41 minutes west along and with the western boundary of the said right of way for a distance of 800 feet; thence run south 72 degrees 55 minutes west for a distance of 550 feet to an iron pipe; thence run south 15 degrees 41 minutes east for a distance of 800 feet to an iron pipe on the south boundary line of said Section 44; thence run in an easterly direction along and with the south boundary line of said Section 44 for a distance of 550 feet to the point of beginning; containing ten acres, more or less, subject, however, to a right of way in and over the south 30 feet thereof heretofore conveyed by M. C. Boley to Escambia County, Florida.

21. The Pensacola City Substation at Pensacola, in Escambia County, located on lands described as follows:

Lots one (1), two (2), three (3), four (4), five (5), six (6), seven (7), eight (8), nine (9), and ten (10), all in Block four (4) of Water Front of City of Pensacola.

22. The Pine & "M" Streets substation at Pensacola in Escambia County, located on lands described as follows:

Lot 9 and 10 in Block 184, Maxent Tract, according to map of the City of Pensacola, copyrighted by Thomas C. Watson in 1906.

23. The water works substation in Pensacola in Escambia County, located on lands described as follows:

All of Lot 19 and the north 20 feet of Lot 20 in Block 47, East King Tract, Belmont numbering.

24. The Ponce de Leon Substation at Ponce de Leon, in Holmes County located on lands described as follows:

A parcel of land located in the southeast quarter of the southwest quarter of Section 21, Township 4 north, Range 17 West, more particularly described as follows: Commencing at the southwest corner of said Section 21, run in an easterly direction along the south boundary line of said section 21, a distance of 2139.2 feet to a point; thence run on bearing of approximately north 36 degrees 40 minutes west, a distance of 130.5 feet to a point of beginning. Beginning at said point run south 53 degrees 20 minutes West for a distance of 50 feet to an iron pipe; thence run on a bearing of north 62 degrees 06 minutes West a distance of 55.35 feet to an iron pipe; thence run on a bearing of approximately north 53 degrees 20 minutes east a distance of 73.8 feet to an iron pipe; thence run on a bearing of approximately south 36 degrees 40 minutes east a distance of 50 feet to an iron pipe and point of beginning.

25. The Saufley Field Substation located on County Road right of way adjacent to Saufley Field, near Pensacola, in Escambia County.

26. The Southern Cotton Oil Company Substation, at Goulding, near Pensacola, in Escambia County located on property of the Southern Cotton Oil Company.

27. The West Hill substation at Brownsville, near Pensacola, in Escambia County located on lands described as follows:

Lots eight (8), nine (9), and ten (10) in Block one hundred fifty-six (156) of the West King Tract, lying outside of the city limits of the City of Pensacola, according to the map of said city, copyrighted by Thos. C. Watson in 1906.

IV.

Gas Properties.

The gas plant and system used in the distribution of natural gas in the City of Pensacola and its environs (including Warrington and its environs) in Escambia County, Florida, including all lands, buildings, apparatus, one 200 M.C.F. holder, tanks, miscellaneous piping and equipment, mains, services, meters, connections, regulator stations, and all other property, real or personal forming a part of or appertaining to or used, occupied or enjoyed, in connection with such gas system; together with all real estate, rights of way, easements, permits, privileges, franchises and rights for or relating to the construction, maintenance or operation thereof, through, over, under or upon any public property or any public streets or highways, parks or bridges within or without the City of Pensacola and its environs (including Warrington and its environs) in Escambia County, Florida, including the following described property, viz:

Beginning at a point on the South line of Block 139, East King Tract, East of Tarragona Street, according to the map of said City copyrighted by Thomas C. Watson in 1906, 224 feet, 2 inches, East of the Southwest corner of said Block, thence running West along the South line of said Block 224 feet, 2 inches to the Southwest corner of said Block, thence running North along the West line of said Block 200 feet, thence running East parallel with the South line of said Block 229 feet, 9 inches, thence running Southerly in a straight line 200 feet more or less to the point of beginning, the said parcel so described comprising Lots 1 to 6 inclusive, the South 20 feet of Lot 7, the South 50 feet of Lots 11, 12 and 13; the whole of Lots 26, 27 and 28 and the whole or parts of Lots 14 and 25 in said Block 139; and also the South 50 feet of said Lot 14 and the whole of said Lot 25 not embraced in the foregoing description.

And also the following described right of easement, viz: The exclusive perpetual right of easement and way along, over and across the South fourteen feet of Lot 24 in Block 139 of the East King Tract, East of Tarragona Street in said City, as per map of said City, copyrighted by Thomas C. Watson in 1906, which fourteen feet immediately abuts upon the present North line of Cervantes Street in said City and to have, possess, exercise and enjoy perpetually unrestricted access,

egress, regress and ingress to and from the lots of land in the same block described in this instrument, upon, over, along and across, said fourteen feet of land, together with all rights, privileges and interests in and to said fourteen feet of land which were conveyed to Florida Public Utilities Company by that certain deed from the said City of Pensacola dated April 6, 1934 recorded in the office of the Clerk of the Circuit Court of said County of Escambia on 6th day of April, 1934 in Deed Book 138, at page 245.

And also beginning at a point on the North line of Block 140 of said East King Tract East of Tarragona Street according to said map of said City copyrighted by Thomas C. Watson in 1906, 148 feet 4 inches East of the Northwest corner of said Block, thence running West along said North line 148 feet, 4 inches to said Northwest corner of said Block, thence running South along the West line of said Block 150 feet, thence running East parallel with the North line of said Block 151 feet, 8 inches, thence running Northerly in a straight line 150 feet more or less to the point of beginning; said parcel so described comprising Lots 6 to 10 inclusive, in said Block 140.

All of the foregoing property is however, subject and subordinate to all the rights of easement which were by deed dated February 16, 1934, recorded in the office of the Clerk of the Circuit Court of said County of Escambia on 6th day of April, 1934, in Deed Book 138, at page 247, granted by Florida Public Utilities Company to the City of Pensacola, a municipal corporation, its successors and assigns, on and upon the South two feet of Lots 1, 25, 26, 27 and 28 in said Block 139 and the North two feet of Lot 10 in said Block 140.

North 40 feet of Lot 16 and the North 40 feet of the West 10 feet of Lot 17 in Block 22 of the Maxent Tract in the City of Pensacola, according to the map of said City, copyrighted by Thomas C. Watson in 1906 upon which the West Pensacola regulator station is located.

Lots 1 and 2 in Block 249 of the New City Tract as per map of the City of Pensacola, copyrighted by Thomas C. Watson in 1906, upon which the East Hill regulator station is located.

All of Lot 462, and North 12 feet of Lot 463, in said City (except the strip along the West boundary hereinafter described), and also that certain parcel of land 15 feet wide immediately adjoining said lot 462 and North 12 feet of Lot 463 on the East, described as beginning at the Northeast corner of said Lot 462, thence running Southerly on

the East line of said Lot 462 and East line of said North 12 feet of Lot 463 to the Southeast corner of said North 12 feet of Lot 463, thence run Easterly on an extension of the South line of said North 12 feet of Lot 463, a distance of 15 feet, thence run Northerly to a point on an extension of the North boundary line of said Lot 462, 15 feet East of the Northeast corner of said Lot 462, thence in a straight line to the point of beginning, said property lying and being between Gregory and Chase Street, and West of the present west line of Spring Street, in said City, saving, excepting, and reserving a strip of land along the West boundaries of said Lot 462 and the North 12 feet of Lot 463, included within the following boundaries, to-wit: Beginning at the Northwest corner of said Lot 462 thence running Easterly along the North boundary of said Lot 462, two and one half feet, thence in a Southerly direction in a straight line to a point one foot East of the Southwest corner of the North 12 feet of said Lot 463, thence Westerly along the South boundary of said North 12 feet of Lot 463, one foot to said Southwest corner, thence running Northerly along the West boundary of said North 12 feet of Lot 463 and along the West boundary of said Lot 462 to the point of beginning upon which the Spring Street regulator station is located.

Together with the following franchises and rights under which such property, or any of it, is or may be constructed, operated or maintained:

1. Franchise granted to the Company by the County of Escambia, by resolution dated September 14, 1937.
2. Franchise granted to the Company by the Mayor and City Council of Pensacola, by Ordinance adopted March 22, 1940, effective January 1, 1941.

V.

Telephone Properties.

All telephone lines, systems, properties, plants and equipment of the Company used or available for use in the operation of its properties, and all other property, real or personal, forming a part of or appertaining to or used, occupied or enjoyed in connection with such telephone properties or any of them, or adjacent thereto; together with all real estate, rights of way, easements, permits, privileges, franchises,

property, devices or rights related to the dispatch, transmission, reception or reproduction of messages, communications, intelligence, signals, light, vision or sound by electricity, wire or otherwise, including all telephone equipment installed in buildings used as general and divisional offices, substations and generating stations and all telephone lines erected on towers and poles.

VI.

Other Real Property.

All other real property of the Company and all interests therein of every nature and description and wherever located, including the following described property in the State of Florida:

1. A parcel of land described as follows:

To locate the beginning corner of this tract, begin at the S.W. Corner of the N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ of Section 20, T.3 N., R.23 W., Okaloosa County, run North along the West boundary line of the said N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ a distance of 440 feet to a point of beginning. From said point of beginning run easterly and parallel to the south boundary line of said N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$ to a point on the east boundary line of said N.E. $\frac{1}{4}$ of the S.E. $\frac{1}{4}$, Section 20, thence run Northerly along the east boundary line of said N.E. $\frac{1}{4}$ of S.E. $\frac{1}{4}$, Section 20, a distance of 520 feet to a point, thence run westerly and parallel to the South boundary line of said N.E. $\frac{1}{4}$ of S.E. $\frac{1}{4}$, Section 20, to a point on the West boundary line of said N.E. $\frac{1}{4}$ of S.E. $\frac{1}{4}$, Section 20, thence run southerly along the West boundary line of said N.E. $\frac{1}{4}$ of S.E. $\frac{1}{4}$, Section 20, a distance of 520 feet to the point of beginning. Less that part of the above-described land now used by State Road #54. The above-described tract contains 14.91 acres more or less.

2. A parcel of land bounded by beginning at the Northeast corner of Section 6, Township 4 North, Range 10 West, Jackson County, and run westerly along the North line of said Section 6 for a distance of 2640 feet to the Northeast corner of the North-west quarter of said Section 6, for point of beginning; from said beginning point, run thence South 2° 30' East with the East boundary line of said North-west quarter of Section 6 and with the center of a graded road, for a distance of

761.2 feet, more or less, to an intersection with the center line of the old Marianna and Cottondale road; thence with the center of said old Marianna and Cottondale road at an angle of $115^{\circ} 11'$ to the right, for a distance of 100 feet; thence continuing along the center of said road on a curve of approximately 1175 feet radius for a distance of 530 feet to the point of tangency of said curve; thence westerly, continuing with the center of said road, for a distance of 70.5 feet, more or less, to a point, which is the Southwest corner of the tract herein conveyed, thence North $2^{\circ} 30'$ West, passing through a concrete marker at 16.5 feet, and through another concrete marker at 560 feet, in all a distance of 593 feet, more or less, to the North line of said Section 6; thence easterly with said North line of said Section 6, and with the center line of State Road No. 1, for a distance of 670.5 feet, more or less, to the point of beginning, containing ten acres, more or less; subject, however, to the right-of-way of said State Road No. 1 over and across the North 33 feet of said tract of land.

3. A parcel of land described as follows:

The Northeast ($NE\frac{1}{4}$) Quarter of the Southwest ($SW\frac{1}{4}$) Quarter of the Northwest ($NW\frac{1}{4}$) Quarter of Section 34, Township 2 North, Range 28 West, Santa Rosa County, containing ten (10) acres, more or less; subject, however, to the right-of-way for State Road No. 37, as the same now exists along the eastern side of said tract of land.

4. A parcel of land described as follows:

Beginning at a point on the South Line of Arpent Lot 54, Old City, seventy-six (76) feet one (1) inch from the Southwest corner of said Arpent; thence running North one-hundred-twenty (120) feet one (1) inch, thence running East on a line parallel with the South line of said Arpent, twenty-four (24) feet; thence running South one-hundred-twenty (120) feet one (1) inch to the North line of Garden Street, thence running West along the North line of Garden Street, twenty-four (24) feet to a point of beginning. The property hereby conveyed containing a front of twenty-four (24) feet on Garden Street by one-hundred-twenty (120) feet one (1) inch in depth as per map of the City of Pensacola, Escambia County, Copyrighted by Thomas C. Watson in 1906, upon which is located a two-story brick building.

5. All that part of Lot 1, Block 72 in the Town of Milton, Santa Rosa County, Florida, described as follows:

Beginning at a point on the north boundary line of said Lot One (1) in Block 72 according to the plat of the Town of Milton as made by W. J. Stevens fifty-one (51) feet east of the northwest corner; thence run southerly along a line, making an angle of 93 degrees and 15 minutes to the right from said north boundary line a distance of 100.16 feet to a point in the south boundary line of said Lot One (1); thence run east along the south boundary line of said lot a distance of 30 feet to a point; thence run in a north-easterly direction along a line making an angle of 57 degrees to the left from the south boundary line of said lot a distance of 45.31 feet to a point; thence run north along a line making an angle of 33 degrees to the left from the preceding line a distance of 62 feet to a point in the north boundary line of said lot; thence run west along the north boundary line of said Lot One (1) a distance of 49 feet to the point of beginning, upon which is located a brick building.

6. Lots 1 to 10, both inclusive; west 18 feet of Lot 11; that part of Lot 30 lying west of the west line of the Belmont Tract, all in the block lying partly in the West King Tract and partly in the Belmont or Rivas Tract and numbered 27, according to the numbering of the Belmont Tract, in the City of Pensacola, Escambia County, upon the map of Thomas C. Watson copyrighted in 1906, upon which is located a reinforced concrete, brick and tile building, and a brick building.

7. All of lots 21, 22, 23, 24, 25 and 26, except the East three feet three inches (3' 3") of lots 23 and 24, reserved as an alley way. Located in Block 25, Water Front, of the City of Pensacola, Escambia County, Florida, upon which is located a brick building.

VII.

Excepted Property Hereafter Pledged or Possessed.

Any and all cash, bonds, stocks, obligations and other securities, accounts and bills receivable, judgments and other evidences of indebtedness and all other property (except stock in trade, materials or supplies manufactured or acquired for the purpose of sale and/or resale

in the usual course of business or consumable in the operation of any of the properties of the Company) hereinabove expressly excepted or reserved from the lien hereof (a) which may be, notwithstanding such exception or reservation, from time to time hereafter by delivery or by writing of any kind for the purposes hereof deposited with or assigned or transferred to and pledged with the Trustees, or either of them, by the Company or by any one on its behalf or with its written consent, and the Trustees, or either of them, are hereby authorized to receive any such property at any and all times as and for additional security, or (b) which, pursuant to any of the provisions hereof, may come into the possession or control of the Trustees, or either of them, or of a receiver lawfully appointed upon application of the Trustees, or either of them, or holders of bonds outstanding hereunder.

VIII.

Miscellaneous Property.

Without intending to limit or restrict the generality or inclusiveness of the foregoing or the following description or provisions by the specific descriptions or provisions hereinbefore contained, all other property, real, personal and mixed (except any hereinbefore expressly excepted) now owned by the Company, wheresoever located, including, except as hereinbefore expressly excepted, (without in any wise limiting or impairing by the enumeration of the same the scope or intent of the foregoing or any description contained in this Indenture) all lands, dams, rights of way, roads, steam and power houses, gas plants, telephone systems, water works, water rights, plants, systems and equipment, ice and refrigerating plants, systems and equipment, steam heat and hot water plants, systems and equipment, buildings and other structures, and all offices, buildings and the contents thereof and the equipment therefor; all machinery, engines, boilers, dynamos, electric and gas machinery, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, hot water, steam heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, bridges, tracks, tools, implements and apparatus; all furniture; all municipal, county and other franchises; all lines or conduits for the transmission or distribution of electric energy, gas, steam heat, water or hot water for any purpose, including poles, wires, cables,

pipes, conduits and all apparatus for use in connection therewith; all real estate, lands, leases, leaseholds, water rights, heat, light, gas, electric, water, ice, refrigeration and other properties, easements, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of lands; and all the right, title and interest of the Company in and to all other property, except any hereinbefore expressly excepted, of any kind or nature appertaining to or used, occupied or enjoyed in connection with any property hereinbefore described or referred to.

IX.

After-Acquired Property.

All the right, title and interest of the Company in and to any and all premises, property, franchises and rights of every kind and description, real, personal and mixed, tangible and intangible, hereafter acquired by the Company, except any hereinbefore expressly excepted; and it is hereby agreed by the Company that all such after-acquired property shall be as fully embraced within the lien hereof as if such property were owned by the Company and specifically described herein and conveyed hereby.

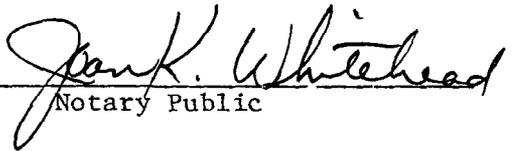
Signed for identification:

Al Sawyer
.....
W. J. Sawyer
.....
J. H. Sawyer
.....

CERTIFICATE OF NOTARY PUBLIC

I, JOAN K. WHITEHEAD, do hereby certify that I have compared the two attached copies of the Indenture, dated as of September 1, 1941, and the Supplemental Indentures dated as of April 1, 1944; April 1, 1948; April 1, 1949; July 1, 1952; June 1, 1953; July 1, 1954; February 1, 1958; April 1, 1959; July 1, 1960; October 1, 1964; June 1, 1966; March 1, 1969; July 1, 1970; October 1, 1971; May 1, 1972; May 1, 1973; December 1, 1974; May 1, 1976; October 1, 1976; March 1, 1977; September 1, 1978; May 1, 1979; and February 1, 1980; all from Gulf Power Company to The Chase Manhattan Bank (National Association) and the Citizens and Peoples National Bank of Pensacola, as Trustees, with the original counterparts of said documents and that said copies are true and correct copies in all respects.

Dated June 16, 1980



Notary Public

Notary Public, Georgia, State At Large
My Commission Expires May 30, 1981

FILE DEPT.

NOV 23 1941
