

tion, but may only be issued out of earnings accrued to, or for value received by, such Subsidiary Company subsequent to the date of acquisition; and in the case of the issuance of such Demand Notes or Stock by any such corporation, the statement required by Paragraph A of Section 2 of this Article shall also state that the requirements of this proviso have been complied with.

D. An opinion of counsel, who may be counsel to the Company, selected and approved in the manner provided in B above to the effect that the Notes or Stock of such Subsidiary Company deposited in accordance with the requirements of Paragraph C. above have been validly issued and that the title to such Notes or Stock is vested in the Trustee free and clear of all liens prior to the lien of this Indenture, except the Underlying Mortgages if the lien thereof should extend to such Notes or Stock.

E. A certificate signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company stating that the Company has at least a 95% interest (as such term is defined in Section 3 of Article II) in the Subsidiary Company the Notes or Stock of which have been deposited in accordance with the requirements of Paragraph C above.

3. In the case of expenditures for additional property, permanent improvements, extensions and additions of a Subsidiary Company in which the Company has less than a 95% interest, in addition to A, either C and D; and

F. A statement signed by the President or a Vice President and the Treasurer or an Assistant-Treasurer of the Company stating the percentage of the interest of the Company in such Subsidiary Company computed in accordance with Section 3 of Article II showing the proportion of the actual cash expenditures set forth in the statement referred to in paragraph A. of this Section with which the Company may be credited pursuant to Clause A of Section I of this Article.

Or in lieu of C, D and F;

G. Demand Mortgage Bonds of such Subsidiary Company in an amount at face value at least equal to the actual cash cost of the additional property, permanent improvements, extensions or additions purchased, acquired or constructed by such Subsidiary Company and described in the statement referred to in paragraph A.

In case the provisions of the Underlying Mortgages shall require the deposit of such bonds with the trustees of either of said mortgages, the Trustee may receive in lieu of such bonds, a certificate of either of the trustees under such Underlying Mortgages, certifying that the deposit of such bonds with said trustee is required by the terms of said mortgage and further certifying that they have been so deposited and specifying the amounts so deposited.

Provided, however, that in the case of the issuance of such bonds by any corporation which is not a Subsidiary Company at the time of the execution of this Indenture but which shall hereafter become such, such bonds may not be issued out of the surplus of such Subsidiary Company existing at the time of its acquisition, but may only be issued out of earnings accrued to, or for value received by, such Subsidiary Company subsequent to the date of acquisition; and in the case of the issuance of such bonds by any such corporation, the statement required by Paragraph A of Section 2 of this Article shall also state that the requirements of this proviso have been complied with.

H. An opinion of counsel, who may be counsel to the Company, selected and approved in the manner provided in B above to the effect that the Bonds of such Subsidiary