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the Trustee hereunder shares of the capital stock (which shall be not less than ninety-five per centum of the outstanding shares having full voting power and not less than seventy five per centum of the outstanding shares having any voting power under any circumstances) of any corporation owning and operating any public utility property, or property useful for or in connection with the operation of public utility property, such corporation shall thereupon become and be a "Subsidiary" as that term is hereinafter in this Mortgage used, and bonds may be issued hereunder as follows:

First: To the extent in principal amount of seventy five per centum of the cost to the Company of the stock of such Subsidiary pledged with the Trustee hereunder;

Second: To the extent in principal amount of seventy five per centum of any and all expenditures made by such Subsidiary for additions, extensions, betterments or improvements (hereinafter referred to collectively as "extensions") upon, of or to its plants, properties or equipment owned at the date of the acquisitions by the Company of such Subsidiary or thereafter acquired by it:

Third: To the extent in principal amount of seventy five per centum of any and all expenditures made by such Subsidiary for any purchased property (as defined in Section 2 of this Article), acquired by such Subsidiary, subsequent to the date it became a Subsidiary;

Fourth: To the extent in principal amount of one hundred per centum of any bonds or other evidences of indebtedness secured by mortgage upon the property of such Subsidiary and outstanding at the time it became a Subsidiary, or secured by mortgage upon property subsequently acquired by such Subsidiary and outstanding at the date of the acquisition thereof by such Subsidiary, which shall be pledged, uncanceled with the Trustee hereunder, or which shall have been paid, redeemed or otherwise discharged at, before or after maturity and/or

Fifth: To the extent in principal amount of one hundred per centum of the principal amount of unsecured indebtedness of such Subsidiary existing at the date it became a Subsidiary (although the evidence of such indebtedness may have been from time to time renewed) which shall have been paid, redeemed or otherwise discharged; provided, however, that:

(1) No bonds shall be authenticated under the provisions of this section in respect of any Subsidiary, unless the value of the permanent property of such Subsidiary at the time of the authentication of any bonds hereunder in respect thereof shall not be less than one hundred thirty three and one third per cent of the sum of the principal amount of all bonds then and previously authenticated under the provisions of this section in respect of such Subsidiary, plus the principal amount of all outstanding indebtedness then secured by mortgage upon the property of such Subsidiary (excepting any evidences of such indebtedness then held in pledge by the Trustee hereunder.) The "value" of the permanent property of any Subsidiary at the time of the authentication of any bonds hereunder in respect thereof shall be the value (determined as provided in Section 2 of this Article) of such property at the time such Subsidiary became a Subsidiary increased (a) by the net amount of all expenditures made subsequent to such date by such Subsidiary for extensions, as shown by a certificate signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer of such Subsidiary and by the President or a Vice President and the Treasurer or an Assistant Treasurer of the Company and (b) by the cost, defined as in Section 2 of this Article, or the value, determined as provided in Section 2 of this Article, (whichever shall be less) at the time of its acquisition of any purchased property acquired by such Subsidiary subsequent to said date and decreased by the cost or value (at which the same was included)