

## COMPARED

Corporate Trustees, and the Corporate Trustees upon compliance by the Company with the requirements of this Section shall authenticate and deliver bonds of any series permitted by this Indenture, in exchange for a like principal amount of first mortgage bonds or obligations of any subsidiary company outstanding in the hands of the public, provided the aggregate principal amount of all said first mortgage bonds or obligations of such subsidiary company then issued and outstanding shall not exceed sixty-five per cent (65%) of the appraised value of lands buildings, machinery, fixed equipment, tools and other appurtenant properties subject either directly or through pledge of underlying bonds, to the first lien of the first mortgage of such subsidiary company under which said bonds or obligations were issued and by which they are secured, and provided that, it required by the Corporate Trustees, said first mortgage is closed or by its terms or by an indenture supplemental thereto or other effective instrument the issuance of bonds or obligations to a principal amount exceeding sixty-five per cent (65%) of the appraised value of such property subject to its first lien as above provided is prohibited. Bonds shall be authenticated and delivered by the Corporate Trustees under this Section only upon the delivery to and deposit with them of the following instruments and documents, in addition to the documents required by Section 2 of this Article:

(a) First mortgage bonds or obligations of such subsidiary company with all unmatured coupons or claims for interest thereto appertaining, in exchange for which bonds are requested to be authenticated and delivered under this Section, and which shall be in bearer form or accompanied by proper instruments of assignments and transfer purporting to be signed by the respective holders thereof;

(b) Opinion signed in duplicate by counsel (who may be of counsel to the Company) selected by the Company and satisfactory to the Corporate Trustees, (1) that the first mortgage bonds or obligations have been duly issued and are the valid, legal and outstanding bonds or obligations of such subsidiary company, (2) that such mortgage has been duly and properly authorized, executed and delivered and is a valid, outstanding first mortgage upon the property described therein as being subject to the lien thereof, (3) that such property is the same property as that described by the appraiser or appraisers in the appraisal certificate referred to in paragraph (c) of this Section and (4) that such bonds or obligations may be validly and lawfully pledged under this Indenture as part of the pledged securities, free and clear of all liens and encumbrances other than the lien of this Indenture;

(c) Certificate or certificates signed in duplicate by an appraiser or appraisers selected by the Company and satisfactory to the Corporate Trustees stating that such appraiser or appraisers have examined the property described in the certificate of such appraiser or appraisers, and stating the appraised value of such property as of a date or dates not more than six months prior to the delivery of said certificate and other documents (except said bonds or obligations of said subsidiary company) required to be delivered under this Section; and

(d) Certificate of the Company signed in duplicate by its President or a Vice President and by its Treasurer or an Assistant Treasurer, under its corporate seal, that said first mortgage bonds or obligations are, or at the time of acquisition thereof by the Company for such exchange, were outstanding