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of all persons whomsoever. The Company covenants that the properties hereby conveyed, mortgaged, pledged, assigned and transferred, or intended so to be, are subject to no mortgage or lien or encumbrance, except as otherwise in this Indenture expressly stated, and that it will not create or suffer to be created or permit to exist any lien or charge having priority over or equality with the lien of this Indenture upon the mortgaged property or premises or any part thereof. In case the Company shall hereafter create any mortgage or other lien upon the mortgaged property or premises or any part thereof, such mortgage or other lien shall be and shall be expressed to be subject to the prior lien of this Indenture for the security of all bonds then issued or thereafter to be issued hereunder.

SECTION 2. The Company represents that the bonds and obligations of its subsidiary companies referred to in granting Clause II of this Indenture are the valid and outstanding bonds and obligations of such subsidiary companies, respectively, and are in each instance secured by first mortgage liens upon the properties described in the mortgages or instruments under which they were issued or are evidenced. The Company covenants and agrees that the said bonds and obligations will be at all times, while they are pledged under this Indenture, secured by valid first mortgage liens upon properties described in such mortgages or instruments, subject only to the terms and provisions of such mortgages or instruments; and that in the event, as provided in Section 4 of Article II of this Indenture, bonds shall be issued against additional properties of the character referred to in said Section, then owned by any such subsidiary company, and bonds or obligations issued by such subsidiary company in respect thereof shall be hereafter pledged under this Indenture, said bonds or obligations of such subsidiary company will be secured by a valid first mortgage lien upon such additional properties, and if issued under the mortgage or instrument of such subsidiary company described in granting Clause II hereof, will also be secured by a valid first mortgage lien upon the properties described in such mortgage or instrument.

SECTION 3. The Company will duly and punctually pay, or cause to be paid, the principal and interest of each and every of the bonds outstanding hereunder, at the times and places ^{and} in the manner mentioned in the bonds and the coupons there- to appertaining, according to the true intent and meaning thereof and hereof, when due, whether at maturity, on redemption, by acceleration of maturity or otherwise, and in the case of bonds of Series A, without deduction for any tax or taxes, assessments or other governmental charges (except inheritance and succession taxes and except such portion of Federal income taxes as ^{is} in excess of two per cent of such interest per annum), which the Company or the banks at which such bonds and coupons are payable, or the Trustees, or any of them, may be required or permitted to pay thereon or to deduct or retain therefrom, under any present or future law of the United States of America or of any state county, municipality or other lawful taxing authority therein. In the case of bonds of any series other than bonds of Series A, the Company agrees to pay the principal and interest without deduction for such taxes, assessments or governmental charges as shall be specified in the resolutions of the Board of Directors at the time of the creation of such series, and which shall be specified in the bonds of such series. When and as paid all coupons shall forthwith be canceled and upon its written request returned to the Company.