

interest may appear, and once each year in the month of January the Companies will deposit with the Trustee a statement signed by their respective Presidents or Vice Presidents of the policies of such insurance, including the names of the insurance companies issuing such policies and the amount thereof and to whom payable, and all such policies shall be deposited with the Trustee upon its request, but the Trustee shall be under no duty to make any such request unless asked in writing so to do by the holders of twenty five per centum in amount of the bonds outstanding hereunder; provided, however, that if any property so insured is covered by any mortgage or other instrument the lien of which thereon shall be prior to that of this Indenture the losses under the policies for such insurance, until the final satisfaction and release of such prior mortgage or other instrument, may be made payable, and such policies may be deposited, in accordance with such prior mortgage or other instrument, the Companies hereby agreeing that upon final satisfaction or release of such prior mortgage or other instrument any insurance moneys then held thereunder shall be forthwith paid over to the Trustee hereunder. All insurance moneys received by the Trustee under any of the provisions of this Section shall be deposited with and held by the Trustee as a part of the mortgaged property, but (1) the Trustee shall, out of the insurance moneys received on any policy of insurance procured by the Companies, or either of them, pay over to the Companies sums equal to any expenditures made by the Companies, or either of them, subsequent to such loss (a) in the replacement repair or rebuilding of the damaged or destroyed property, or (b) for permanent additions and betterments to the plants, and fixed properties of the Companies, or either of them, upon which additions and betterments this Indenture shall constitute a first lien; provided, that such expenditures shall not have previously been made the basis for the payment of insurance moneys or the proceeds of released property; or (2) at the option of the Companies, expressed in a writing signed by their respective Presidents or Vice Presidents, such proceeds may be applied towards the purchase, in the open market, of bonds, outstanding under this indenture, at not exceeding the current redemption price, all such bonds so purchased to be forthwith cancelled.

Any property on account of expenditures for which insurance moneys are thus withdrawn shall forthwith become subject to the lien of this Indenture as a first lien and upon paying over any such insurance moneys the Trustee shall receive an opinion of counsel (who may be of counsel for the Companies) as to whether any instruments of conveyance or further assurance are necessary to be executed and recorded or filed to effectually subject such property to the first lien thereof, and stating that the instruments submitted to the Trustee, if any are stated to be necessary, are sufficient for such purpose; the Trustee may pay over said moneys without waiting for any such instruments to be recorded or filed but the opinion shall state how the same should be recorded and /or filed, and the Companies shall forthwith attend to the same.

Any and all matters of fact necessary to entitle the Companies to any payment under this Section shall be conclusively established in favor of the Trustee by a certificate signed and sworn to by the President or Vice President of either of the Companies familiar with the facts, and every request for the application of any such insurance moneys shall be deemed sufficiently executed if signed in the names of the Companies by their respective Presidents or Vice Presidents. In case of any loss covered by any policy of insurance, any appraisal or adjustment of such loss, and settlement and payment of indemnity therefor, which may be agreed upon between the insured and any insurance company, may be consented to and accepted by the Trustee, and the Trustee shall not be