

gage or mortgages or similar lien or lien, and (2) a certificate of a person appointed by the Oklahoma Company and approved by the Trustee, stating the fair value of such physical property after making due allowance for depreciation.

The principal amount of notes issuable hereunder in respect to such acquisition shall not be greater than the amount by which eighty-five per cent (85%) of the fair value of such property (or of the amount of the bonds, notes or other obligations secured by such mortgage or mortgages or similar lien or liens, plus the actual expenditures made for such acquisition, if the total of said amounts shall be less than such fair value) shall exceed the amount of such bonds, notes, or other obligations secured by such mortgage or mortgages or similar lien or liens.

PROVIDED, HOWEVER, that in case the amount of the bonds, notes or other obligations secured by such mortgage or mortgages or similar lien or liens, shall exceed eighty-five per cent (85%) of the fair value of such property, no notes shall be issuable under Section 2 of this Article unless and until such excess has been absorbed by (1) the retirement and cancellation of bonds, notes or other obligations secured by such mortgage or mortgages or similar lien or liens, as shown by evidence satisfactory to the Trustee, or (2) additional expenditures for extensions and additions evidenced to the Trustee as provided in Section 4 of this Article. No notes hereby secured shall be issued in respect to such retirement and cancellation or against such expenditures.

SECTION 6. Each subsidiary corporation shall, as a condition precedent to becoming such corporation within the meaning of this Indenture, execute and deliver a supporting mortgage to the same person or corporation, as trustee, as is then acting as Trustee under this Indenture. The words "supporting mortgage," as used in this Indenture, shall be taken to mean a deed of trust or similar instrument, in form approved by counsel satisfactory to the Trustee hereunder, whereby such subsidiary corporation shall mortgage all of its property then owned or thereafter to be acquired by it to the Trustee hereunder as security for the payment of all notes and coupons theretofore or thereafter issued under this Indenture, subject only to the liens existing on such property at the time of the acquisition of such subsidiary corporation and to liens on property thereafter acquired by such subsidiary corporation, existing thereon at the time of such acquisition. Each subsidiary corporation shall, concurrently with the execution of its supporting mortgage, lease for the life of this Indenture all of its plants and properties to the Oklahoma Company, subject to the respective liens of its underlying mortgages, if any, and of this Indenture.

SECTION 7. In case any of the actual and reasonable expenditures made by the Companies, or any of them, on or after July 1, 1923, for extensions and additions (as defined in Section 2 of this Article Two) shall have been used as the basis for the issuance of First and Refunding Mortgage Gold Bonds of the Oklahoma Company, or of First and Refunding Mortgage Gold Bonds of said Southern Oklahoma Power Company, as evidenced by a sworn statement of the President or any Vice President and the Treasurer or any Assistant Treasurer of the Oklahoma Company, said residue notes shall from time to time be authenticated and delivered hereunder by the Trustee to a principal amount not exceeding in the aggregate ten per cent (10%) of such actual and reasonable expenditures so used as the basis for the issuance of said First and Refunding Mortgage Gold Bonds. Such residue notes shall be authenticated and delivered by the Trustee upon receipt of the showings mentioned in Section 4 of this Article Two, with such variations as shall be pertinent to the issuance of said residue notes under the provisions of this section.

SECTION 8. Subject to the provisions of Section 3 of this Article Two and upon receipt by the Trustee of the showings mentioned in Subdivisions I, II, IV, VII, VIII and IX of