

representing the full value of the property involved and in any such proceedings the Trustee may be represented by counsel, who may be of counsel to the Company. The proceeds of such taking or sale (or so much thereof as is not required under the terms of the sale to be applied towards the discharge of liens properly existing on such property in accordance with the provisions of this Indenture) shall forthwith be deposited with the Trustee, or with the trustee of the First Mortgage of the Company.

SECTION 3. The cash proceeds of any sale of property sold as aforesaid and delivered to the Trustee and all moneys received and delivered to the Trustee and all moneys received as compensation for any property comprised in the trust estate taken by the exercise of the power of eminent domain shall be held by the Trustee or by the trustee of said First Mortgage of the Company, to be applied, as hereinafter provided, on the order or orders of the Company, within two years from the date or dates of the receipt thereof by the trustee to which such cash is delivered or within such additional period as said trustee may permit, to the extent of the actual cash cost thereof, to the purchase by the Company of real estate or interest therein or to the erection, extension, or acquisition by the Company of buildings, structures, equipment, fixtures or machinery or apparatus, necessary or useful for the business of the Company, or otherwise for the benefit of the mortgaged property.

The Trustee shall consent to the payment of any such moneys so received by the trustee of the First Mortgage of the Company, or in case such moneys shall have been received by the Trustee payments therefrom shall be made by the Trustee from time to time unless an event of default as defined in Section 2 of Article VI hereof shall, to the knowledge of the Trustee, have happened and be continuing, as set forth in a written order or orders of the Company, signed by the President or a Vice-President of the Company, accompanied by the following.

(A) A copy of a resolution or resolutions of the board of directors of the Company certified by its Secretary or Assistant Secretary under its corporate seal to have been adopted not more than sixty days previous to the delivery thereof to the Trustee, and certified to be still in effect, which resolution or resolutions shall

(1) State that the Company desires to acquire such property, and describe the same;

(2) State the cash cost to the Company of any such property and that such cash cost is not in excess of the fair market value thereof, or of the equity therein to be owned by the Company;

(3) State that there is not included as a part of such cost (a) the cost of any repairs, renewals or (except as hereinafter provided) replacements or other property, required to be made or acquired by the Company in accordance with its covenants contained in Section 5 of Article II hereof; (b) the cost of the repair or replacement of any property damaged or destroyed for which insurance moneys have or may be received by the Company; (c) the cost of any property to pay for which the Trustee, or the trustee of the First Mortgage of the Company, shall have previously released moneys to or upon the order of the Company; or (d) if such property consists in whole or in part of machinery or equipment in the nature of replacements, the cost of such replacements except the excess, if any, of the actual cash cost of any replacements over the fair market value at the time of replacement, if then new, of the replaced machinery or equipment;

(4) State that such property is necessary or useful for the business of the Company, or otherwise for the benefit of the mortgaged property, and will be forthwith subjected to the lien of this Indenture as part of the trust estate, free of all other encumbrances, except those hereinafter permitted by subdivision (C) of this Section;

(5) State whether or not the moneys to be so applied represent proceeds of the sale of property, or insurance moneys of property damaged or destroyed or property taken by the