

TITLE TO REAL ESTATE

of the President, a Vice President, the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer of the Company/pursuant to this §1.11. Nothing in this §1.11, however, is intended or shall be construed in such a way as to affect or impair the transferability of any of the bonds or as entitling the Company or any other party or parties to deny or contest the status as fully issued and outstanding hereunder and entitled to the benefits aforesaid of any bond bearing the certificate of authentication of the Trustee in the hands of any bona fide holder thereof other than the Company. No party to whom any of the bonds may be sold, pledged or otherwise negotiated shall be required to make any investigation or inquiry as to the issue or re-issue of any bonds under the provisions of this §1.11.

ARTICLE 2.

Pledged Securities.

§2.01. The Trustee may from time to time in its discretion cause to be registered in its name as Trustee or in the name of its nominee or nominees, all or any of the Underlying Bonds pledged hereunder and, in its discretion, from time to time, may cause the same to be discharged from such registration.

§2.02. Upon the pledge with the Trustee of all outstanding Underlying Bonds, with all unmatured appurtenant coupons, and/or upon receipt by the Trustee of a certificate from the trustee under the Underlying Mortgage that (a) it holds money sufficient to pay the principal of all outstanding Underlying Bonds not held by the Trustee hereunder and all interest on such Underlying Bonds (to the extent payable in cash) represented by matured coupons not theretofore presented for payment and interest on such Underlying Bonds (to the extent payable in cash) to the date of redemption, if the Underlying Bonds have been called for redemption, or to maturity, as the case may be, (b) it has received from the Company satisfactory evidence that the Company has issued or made provision for the issuance of all Bond Interest Scrip issuable in payment of interest on the Underlying Bonds to the date of redemption or to maturity, as the case may be, and (c) it will execute a discharge of said Underlying Mortgage upon receipt of all Underlying Bonds, with all unmatured appurtenant coupons, then held by the Trustee hereunder; the Trustee shall then surrender to the trustee under the Underlying Mortgage, or its successors in trust thereunder, all Underlying Bonds with all unmatured appurtenant coupons pledged hereunder for cancellation.

§2.03. Until the happening of an Event of Default, as defined in §7.02, or the happening of an event of default under the Underlying Mortgage or a default in the payment of interest on the Underlying Bonds, the Company shall not be required to make, and shall be discharged from, any interest payments (payable in cash to the extent of five per centum (5%) per annum and by the issuance of Bond Interest Scrip to the extent of three per centum (3%) per annum) upon or in respect of the pledged Underlying Bonds, and all coupons appertaining to the Underlying Bonds representing interest shall be cancelled by the Trustee and surrendered to the Company as they mature, provided, however, that upon the happening of a default hereunder or an event of default under the Underlying Mortgage or a default in the payment of interest on the Underlying Bonds, (a) the Trustee may demand and enforce payment of all sums then due and which shall thereafter become due whether for principal or interest (payable in cash and Bond Interest Scrip) on any of the pledged Underlying Bonds, or (b) the Trustee, in its discretion may, and upon the written request of the holders of a majority of the bonds outstanding hereunder shall, waive or consent to the waiver of existing and subsequent defaults under the Underlying Mortgage; and may, and upon similar written request of the holders of a majority of the bonds outstanding, shall, proceed, with or without such waiver, to take whatever action its counsel may advise is best to protect the interests of the holders of the bonds in respect of the pledged Underlying Bonds, upon being furnished satisfactory indemnity for its compensation and all expense and liability, which it may incur by so doing.

§2.04. Any cash received by the Trustee on account of the redemption of any of the pledged Underlying Bonds through the operation of the Sinking Fund under the Underlying Mortgage shall be held by the Trustee and shall be subject to application as provided in Article 6 hereof, and the Trustee upon receipt of the redemption price shall deliver to the trustee under the Underlying Mortgage any such pledged Underlying Bonds with all unmatured appurtenant coupons, so redeemed. Until the happening of an Event of Default, as defined in §7.02, the Trustee shall pay over to the Company any and all interest paid in cash and shall cancel and deliver to the Company all interest paid in Bond Interest Scrip, received by it from the redemption of any of the pledged Underlying Bonds as aforesaid, upon the written request of the Treasurer or an Assistant Treasurer of the Company.