

1947, between this Company and Northwestern Electric Company, or of any other class of stock ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions, unless the net income of the Company determined, after provision for depreciation and all taxes and in accordance with generally accepted accounting practices, to be available for the payment of dividends for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the issuance, sale or disposition of such stock, is at least equal to twice the annual dividend requirements on all outstanding shares of the Preferred Stock and of all other classes of stock ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions, including the shares proposed to be issued, and unless the gross income of the Company for such period, determined in accordance with generally accepted accounting practices (but in any event after deducting the amount for said period charged by the Company on its books to depreciation expense and all taxes) to be available for the payment of interest, shall have been at least one and one-half times the sum of (i) the annual interest charges on all interest bearing indebtedness of the Company and (ii) the annual dividend requirements on all outstanding shares of the Preferred Stock and of all other classes of stock ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions, including the shares proposed to be issued; provided, that there shall be excluded from the foregoing computation interest charges on all indebtedness and dividends on all shares of stock which are to be retired in connection with the issue of such additional shares of Preferred Stock, or other class of stock ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions; and provided, further, that in any case where such additional shares of Preferred Stock, or other class of stock ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions, are to be issued in connection with the acquisition of new property, the net earnings of the property to be so acquired may be included on a pro forma basis in the foregoing computation, computed on the same basis as the net earnings of the Company; or

(4) issue, sell, or otherwise dispose of any shares of the Preferred Stock, in addition to the shares of Preferred Stock which become issuable upon conversion of shares of the preferred stocks of this Company and of Northwestern Electric Company pursuant to the terms of the Agreement and Act of Consolidation and Merger, dated April 17, 1947, between this Company and Northwestern Electric Company, or of any other class of stock ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions, unless the aggregate of the capital of the Company applicable to the Common Stock and the surplus of the Company shall be not less than the aggregate amount payable on the involuntary dissolution, liquidation or winding up of the Company, in respect of all shares of the Preferred Stock and all shares of stock, if any, ranking prior thereto, or on a parity therewith, as to dividends or distributions, which will be outstanding after the issue of the shares proposed to be issued; provided, that if, for the purposes of meeting the requirements of this subparagraph (4), it becomes necessary to take into consideration any earned surplus of the Company, the Company shall not thereafter pay any dividends on shares of the Common Stock which would result in reducing the Company's Common Stock Equity (as defined in paragraph (d) hereof) to an amount less than the aggregate amount payable, on dissolution, winding up or involuntary liquidation of the Company, on all shares of the Preferred Stock and of any stock ranking prior to, or on a parity with, the Preferred Stock, as to dividends or other distributions, at the time outstanding.

(m) The Company from time to time may, subject to the limitations or requirements provided above in this Section 5, purchase any of its stock outstanding at such price as may be