

issued in respect of any stock dividend or dividends paid on any shares pledged hereunder, and the Company covenants and agrees that certificates properly endorsed in blank or accompanied by appropriate instruments of assignment and transfer, representing all shares so issued, shall promptly be deposited and pledged with the Corporate Trustee hereunder as additional security for the bonds secured hereby.

The Company covenants and agrees that it will, forthwith upon the receipt thereof by it, pay over to the Corporate Trustee any cash coming within the provisions of subdivisions (a), (b) or (c) of the first paragraph of this Section. All such cash, whether received directly by the Corporate Trustee or paid over to it by the Company, shall be paid out or applied by the Corporate Trustee as provided in Section 8.12 or, if such cash was paid on or received in respect of the stock or other securities of Western Natural Gas Company or any controlled corporation, as provided in Section 4.06. Any cash paid by the Company to the Corporate Trustee pursuant to the provisions of subdivision (3) of the first paragraph of this Section on account of the exercise, sale or other disposition of subscription privileges accruing in respect of any stock of Western Natural Gas Company or any controlled corporation pledged hereunder shall also be paid out or applied by the Corporate Trustee as provided in Section 4.06.

All coupons and other rights or claims for interest on any bonds, notes or other evidences of indebtedness pledged hereunder and all rights to dividends on stock pledged hereunder shall remain subject hereto until actually paid to or released and discharged by the Company.

If any coupon delivered to the Company or if any claim for interest or for dividends shall not forthwith be paid, released or discharged, the Company shall return to the Corporate Trustee such coupon or the evidence of such claim or of the right of the Company to collect the same and, in case of the payment or release of any such coupon or claim, shall, upon demand of the Corporate Trustee, furnish satisfactory evidence of the cancellation, release and discharge thereof.

The Company shall not collect any coupons or claims for interest on any claim or obligation pledged hereunder by legal proceedings or