

thereon accrued to the date so prescribed for payment and one hundred and five per cent. (105%) of the face value of the said bond.

Section 2. The first twenty million dollars (\$20,000,000) of bonds to be certified and issued under the provisions of this indenture shall be convertible, at the option of the holder, at any time, into stock of the Mortgagor Company of any class then outstanding at the rate of one hundred and ten dollars (\$110) face value of bonds with all unmatured coupons, if any, attached, for one hundred dollars (\$100) of full paid stock. If at the time of conversion such stock is not full paid but remains liable to further assessment, the rate of conversion shall be an amount, face value, of bonds equal to the amount paid in on such stock plus ten dollars (\$10) per one hundred dollars (\$100) par value of such stock. At the time of such conversion any difference between the accrued interest on the bonds and the accruing dividends on the stock, if a cash dividend has been declared within six months prior to such conversion, shall be adjusted in cash, said dividends to be computed at the rate per annum of said last previous cash dividend; but if no cash dividend has been paid within said period of six months, the conversion shall be made at the above rate for bonds and stock without any allowance for interest or dividends. Any holder of any such bond wishing to exercise his right of conversion must, at least ten days prior to the time when the conversion is to take place, give written notice to the Mortgagor Company, addressed and delivered to it at any of its three agencies, viz: in the Borough of Manhattan, City of New York, N.Y., in Boston, Mass., and in Philadelphia, Pa., setting forth the intention of the bondholder to convert his bonds and the amount of bonds to be converted. The bondholder shall surrender to the Mortgagor Company at such agency, the bonds to be converted and if they are coupon bonds, all unmatured coupons shall be surrendered with the bonds.

The Mortgagor Company reserves the right to make any part or all of the bonds which may be issued in excess of twenty million dollars (\$20,000,000.) convertible into stock of the Mortgagor Company upon the same terms or upon different terms, or the right of conversion may be entirely eliminated, appropriate provisions to be inserted in the bonds.

If the Mortgagor Company has not available within the stipulated time the amount of stock required to accomplish the conversion, sufficient additional time shall be given for the Mortgagor Company to increase its capital stock and there shall be an appropriate adjustment of interest and dividends.

Notwithstanding the fact that the bond or bonds secured hereby may be called for redemption, as herein provided or some or all of them called for purchase with money in the Sinking Fund as provided in Article Six of this indenture the holder or holders of such bond or bonds may still exercise this right of conversion by giving notice of intention to convert at least ten days prior to the date fixed for redemption or purchase.

Bonds converted into stock as aforesaid shall forthwith be cancelled and delivered to the Trustee and no bonds shall ever be issued in their place.

ARTICLE SIX

SINKING FUND

Section 1. The Mortgagor Company covenants and agrees to pay in cash to the