

cash cost thereof, (3) that such repair, reconstruction or restoration has been completed and paid for by the Company, and also (4) that the Company has not been reimbursed for any part of such expenditures in cash or bonds either under this or any other section of this indenture ; or (b) for the purpose and in the manner provided in section 1 of Article VII concerning the application of the proceeds of the sale of property released from the lien of this indenture . In case of loss, the amount of which is less than one thousand (1000) dollars, the insurance moneys received by the Trustees therefor shall, however, be immediately paid over by them to the Company and shall be applied by the latter to one of the purposes specified in this section.

Section 13. In case of default in the payment of any interest or principal of any pledged bonds, or in case of default in any covenant or condition in any mortgage or other instrument securing the payment thereof, the trustee may in its discretion enforce payment of any such securities, or take such action as it may be advised to protect the interest of the bondholders hereunder. Whenever all of the assets, property, rights and franchises of any corporation, any of the capital stock of which shall be pledged as security hereunder, shall have been transferred and delivered to the Company and subjected to the lien of this indenture, the Trustee may upon request of the Company , take or permit to be taken any action necessary to legally dissolve such corporation; and when it shall be dissolved, may surrender for cancellation the share certificates of stock of such corporations held in pledge.

Section 14. The Company covenants and agrees that at all times until the payment of the principal and all bonds secured hereby, it will keep an office or agency in the City and County of San Francisco, in California, for said purpose, the present offices for such purpose in those cities being those designated in the form of bond and coupon hereinbefore set forth, and that it will immediately give to the Trustee written notice of any change of address of either of said offices.

ARTICLE IV.

REDEMPTION OF BONDS AND SINKING FUND.

Section 1. The Company may at its option and as provided in this article redeem before their maturity all or any of the outstanding bonds secured hereby on any interest payment date, by depositing with the Trustee for the benefit of the holders of the bonds to be redeemed the sum of money equal to the principal amount of such bonds, together with all interest due thereon at the date of such redemption and a premium of three (3) per cent. of their face value. Whenever the Company shall desire to redeem any bonds on any interest date it shall prior to such date cause to be published once in each week for eight successive weeks in a newspaper published in the City of New York and in a newspaper published in the city of Chicago, and in a newspaper published in the City and County of San Francisco (the first publication to be not less than sixty nor more than ninety days before the day fixed for redemption) a notice stating that on such interest date the bonds specified in such notice will be redeemed, and that there will be due and payable on such bonds at the place specified therein for payment, the principal thereof, with accrued interest and a premium of three (3) per cent. upon their principal. If the Company shall propose to redeem on such date less than all the bonds at the time outstanding hereunder, it shall, before publishing such notice , notify the Trustee of the aggregate principal amount of the bonds which it proposes to redeem, and the Trustee shall thereupon draw by lot, in such manner as it shall deem proper, the serial numbers and letters of outstanding bonds to a corresponding amount of face value, and in such manner that outstanding bonds bearing the highest rate of