

or other holder of such Prior Lien is permissible thereunder except upon a default thereunder or except to the Corporate Trustee hereunder to be held subject to the provisions of Article IX hereof or to the trustee or other holder of a Prior Lien for cancellation or to be held uncanceled under the terms of a Prior Lien under like conditions), (d) Prior Lien Bonds for the purchase, payment or redemption of which moneys in the necessary amount shall have been deposited with or be held, with irrevocable direction so to apply, by the Corporate Trustee hereunder or by the trustee or other holder of a Prior Lien; provided that, in the case of redemption, the notice required therefor shall have been given or have been provided for to the satisfaction of the Corporate Trustee, and (e) Prior Lien Bonds upon transfer of which or in exchange or substitution for and/or in lieu of which other Prior Lien Bonds have been authenticated and delivered or made and delivered under any of the provisions of the Prior Lien securing such Prior Lien Bonds.

SECTION 7. The term "Net Earning Certificate" shall mean a certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company, stating

(A) the Net Earnings of the Company for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the first day of the month in which the application for the authentication and delivery under this Indenture of bonds then applied for is made,

specifying:

- (1) its operating revenues, with the principal divisions thereof;
- (2) its operating expenses, with the principal divisions thereof;
- (3) the amount remaining after deducting such operating expenses from such operating revenues;
- (4) its rental expenses for plants or systems not otherwise deducted from revenues or from other income in such certificate;
- (5) the balance remaining after deducting such rental expenses from the amount required to be stated in such certificate by clause (3) of this Section;
- (6) its rental revenues from plants or systems not otherwise included in revenues, or in other income (net) in such certificate;
- (7) the sum of the amounts required to be stated in such certificate by clauses (5) and (6) of this Section;
- (8) its other income (net);
- (9) the sum of the amounts required to be stated in such certificate by clauses (7) and (8) of this Section;
- (10) the amount, if any, by which the aggregate of (a) such other income (net) and (b) that portion of the amount required to be stated in such certificate by clause (7) of this Section which, in the opinion of the signers, is directly derived from the operations of property (other than paving, grading and other improvements to, under or upon public highways, bridges, parks or other public properties of analogous character) not subject to the Lien of this Indenture at the date of such certificate, exceeds fifteen per centum (15%) of the sum required to be stated by clause (9) of this Section; and

(11) the Net Earnings of the Company for such period of twelve (12) consecutive calendar months (being the amount remaining after deducting in such certificate the amount required to be stated by clause (10) of this Section from the sum