

UNDERLYING MORTGAGE: The term "underlying mortgage" shall mean an existing mortgage lien or other lien or charge (exclusive of "permitted encumbrances") prior to the lien of this Indenture upon any property, plant or equipment acquired by the Company after the date of the actual execution of this Indenture.

PERMITTED ENCUMBRANCES: The term "permitted encumbrances" shall mean as of any particular time any of the following:

(a) liens for taxes, assessments or governmental charges not then delinquent or the validity of which the Company is contesting in good faith (unless thereby in the opinion of counsel any of the "trust estate" may be lost or forfeited), liens for workmen's compensation awards and similar obligations not then delinquent and liens for judgments, payment of which in the "opinion of counsel" has been adequately secured;

(b) any obligations or duties, affecting the property of the Company, to any municipality or public authority with respect to any franchise, grant, license or permit;

(c) building or building line restrictions or agreements, easements or reservations in any property of the Company for the purpose of roads, streets, pipe lines, sewer lines or mains, water lines or ditches, transmission lines and other like purposes and which, as shown by an "engineer's certificate," do not impair the use of such property for the purposes for which it is held by the Company.

RETIREMENTS:

EXCESS RETIREMENTS: The term "retirements" shall mean the retirement by the Company (whether through renewal, replacement, abandonment, permanent withdrawal from use, destruction, loss for any cause, sale or release from the lien of this Indenture) of any physical property, plant or equipment owned by the Company as of June 1, 1941 or thereafter constructed or acquired other than property excluded by the granting clauses hereof.

The term "excess retirements" as of any specified date shall mean the aggregate amount of all "retirements" during the period June 1, 1941 up to and including such date, (computed in the case of "retirements" of property other than "property additions" at gross book value as shown on the books of the Company, and in the case of "property additions" at "gross expenditures made therefor"), in excess of the sum of

(i) the aggregate amount of all "gross expenditures for property additions" during such period in renewal, replacement or in substitution for "retirements", certified to the Trustee pursuant to (ii) of Section 2 of Article Nine in each maintenance certificate filed with the Trustee during such period, and

(ii) the aggregate amount of all considerations paid to the Trustee during such period as the proceeds of property destroyed by fire or other hazard or released under the provisions of Section 4 of Article Ten, or taken through the exercise of the power of eminent domain or through the exercise of a right of purchase on the part of any public authority.

GROSS EXPENDITURES FOR PROPERTY ADDITIONS:

GROSS EXPENDITURES:

The term "gross expenditures for property additions" herein sometimes referred to as "gross expenditures", shall mean the lesser of

(a) the fair value of the "property additions" acquired or to be acquired therefor as to the date of and as evidenced by an "engineer's certificate" or, if such "property additions" include "purchased property", as of the date of and as evidenced by an "independent engineer's certificate", and

(b) the aggregate of (i) any cash payments made or simultaneously with the acquisition of such "property additions" to/^{be}made therefor and (ii) the market value or, in the absence thereof, the fair value of any securities or other property of the Company exchanged or