

retired, irrespective of the kind or character of the property retired or of the "property additions" for which such "gross expenditures" have been made;

(iii) such amount of "net bondable expenditures for property additions" made during the term of the "maintenance period" as to which such "maintenance certificate" is filed and the two next preceding "maintenance periods" as the Company may elect to make the basis of a credit hereunder by its inclusion in such "maintenance certificate". (If there be included in computing any such "net bondable expenditures" any "new gross expenditures," there shall also be filed with the Trustee the documents required by (i), (ii) and (iii) of subparagraph (4) of Section 3 of Article Four hereof, the "engineer" certificate" or "independent engineer's certificate", as the case may be, to be dated as of the last day of such term.)

Any amount by which the aggregate of (i), (ii) and (iii) of this Section 2 of Article Nine is greater than twenty-five per cent (25%) of "gross operating revenues" for such "maintenance period" shall be termed a "maintenance credit" and any amount by which such aggregate is less than such percentage shall be termed a "maintenance deficit."

If for any "maintenance period" there shall be a "maintenance deficit" the amount thereof shall be offset by

(a) the delivery to the Trustee of "available bonds", such bonds to be credited against such deficit at their principal amount and/or

(b) the deposit with the Trustee of cash.

Provided, however, that such of the amounts of any "maintenance credits" in one or more of the two next previous "maintenance certificates" as have not theretofore been used as offsets against "maintenance deficits" or as a basis for the withdrawal of cash deposited with the Trustee may be used as an offset against such "maintenance deficit".

If for any "maintenance period" there shall be a "maintenance credit," the Company, unless it be in default, shall be entitled to withdraw to the amount of such "maintenance credit" any cash which it may have deposited with the Trustee as an offset against a "maintenance deficit" appearing in one or more of the four next preceding "maintenance certificates."

All bonds delivered to the Trustee pursuant to this Section shall be cancelled by the Trustee together with the coupons, if any, pertaining thereto and shall be delivered to or upon the order of the Company and shall not be reissued.

Section 3. Without in any way limiting the provisions of Sections 1 and 2 of this Article, the Company will in each "maintenance period", set aside and segregate out of its net earnings transferred to surplus an amount equal to the excess, if any, of twenty-five per cent (25%) of said "gross operating revenues" for such "maintenance period" over the sum of

(i) the aggregate of expenditures made by the Company for repairs to and maintenance of the "mortgaged property" during such "maintenance period" (being the same expenditures used in the calculation set forth in (i) of Section 2 of this Article Nine);

(ii) the amount charged against income and credited to depreciation reserve during such "maintenance period".

The surplus so set aside may not be used for the payment of dividends other than dividends payable in stock of the Company; provided, however, that nothing herein shall prevent the Company from transferring all or any part of such segregated surplus at any time to its depreciation reserve account, or to stated capital in connection with the payment of a stock dividend or otherwise.