

any payment not in excess of 1% of the maximum principal amount of Series A Bonds which at any one time have been outstanding in the hands of the public (except in pledge) may be made in Series A Bonds or on March 1, 1951 and March 1, 1952 in First Consolidated Bonds; (b) any payment to the extent that it is in excess of the payment under clause (a) next preceding (any such excess being hereinafter called "Optional Use Payment") may be made in Qualified Bonds at or prior to their maturity. Qualified Bonds shall consist of (i) Bonds of any series issued under the Mortgage, (ii) First Consolidated Bonds, (iii) General Unified Bonds after July 1, 1952, or (iv) other prior debt bonds of the character described in Section 2.04 of the Mortgage after July 1, 1952.

All bonds deposited with the Corporate Trustee pursuant to this Section shall be delivered with all unmatured coupons and matured coupons not fully paid attached and shall be uncanceled.

The Company may credit against any Optional Use Payment, any payments made on the March 1 in question or during the preceding twelve calendar months by virtue of any sinking fund for any Qualified Bonds other than Series A Bonds. In the event that any sinking fund payments for Qualified Bonds are made otherwise than in cash, such payments may be so credited in the manner set forth below only if they are made by the use of Qualified Bonds.

All bonds, whether deposited with the Corporate Trustee pursuant to this Section or delivered to satisfy a sinking fund requirement for any Qualified Bonds other than Series A Bonds shall be credited hereunder at the sinking fund redemption price, if any, for such bonds applicable on the next date after such deposit or delivery upon which bonds so delivered were redeemable for sinking fund purposes or, if not redeemable for sinking fund purposes, at the sinking fund redemption price for Series A Bonds applicable on the next ensuing September 1, or at the cost of such bonds to the Company (exclusive of accrued interest and brokerage commissions), whichever is less. All bonds so