

SECTION 4.05. *Fixed Sinking Fund for Bonds of the 1987 Series.* As a fund for the retirement of Bonds of the 1987 Series, the Company covenants that it will (subject to the last sentence of Section 3.04 and to Division C of Section 3.05) redeem (i) on December 15, 1974 and on each December 15 thereafter to and including December 15, 1981, \$3,000,000 principal amount of Bonds of the 1987 Series, (ii) on December 15, 1982 and on December 15, 1983, \$4,000,000 principal amount of Bonds of the 1987 Series, and (iii) on December 15, 1984 and on each December 15 thereafter to and including December 15, 1986, \$7,000,000 principal amount of Bonds of the 1987 Series; *provided* that the Company may, by giving written notice thereof to the Trustee at least 45 days prior to the date of any redemption of Bonds of the 1987 Series pursuant to this Section 4.05, direct the Trustee to credit against the principal amount of such Bonds required to be redeemed on such date of redemption, an amount, specified in such notice, not in excess of the principal amount theretofore applied to the redemption of Bonds of the 1987 Series pursuant to Section 4.06 in either of the two calendar years immediately preceding such date of redemption which has not theretofore been used as a basis for credit under this proviso.

SECTION 4.06. *Optional Sinking Fund for Bonds of the 1987 Series.* The Company may, at its option, as an additional fund for the retirement of Bonds of the 1987 Series, redeem, on December 15, 1974 and on December 15 in any year or years thereafter, an additional principal amount (in an integral multiple of \$100,000) of Bonds of the 1987 Series not exceeding the amount then being redeemed on such date pursuant to Section 4.05; *provided* that the aggregate principal amount of Bonds of the 1987 Series redeemed from time to time pursuant to this Section 4.06 shall not exceed \$12,000,000; and *provided further* that the Company may not redeem Bonds of the 1987 Series pursuant to this Section 4.06 unless (i) such redemption is not being made as a part of a refunding or anticipated refunding operation, by the application, directly or indirectly, of borrowed funds, (ii) the Company does not contemplate replacing funds applied to the redemption of such Bonds by other borrowed funds, (iii) after giving effect thereto, the Company shall have optionally redeemed, during the twelve-month period then ended, *pro rata* in accordance with the respective aggregate principal amount of Bonds of each Series outstand-