

determined as hereinafter specified in this paragraph (1), in coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, subject to the provisions of paragraph (2) of this Subdivision (d). The amounts hereinbefore in this Subdivision (d) provided to be paid to the Trustee shall for each sinking fund payment, be equal to the lesser of (i) the sum of \$31,250, plus an amount equal to the annual interest charges on all Bonds retired through the operation of this sinking fund on or before the end of the calendar year next preceding said particular sinking fund payment date, or (ii) the net income of the Company for the year ended on the December 31 next preceding said particular sinking fund payment date. In case there shall be no such net income for any particular year ending December 31, the Company shall be under no obligation to make any increased payment for the sinking fund in any subsequent year by reason of such non-payment in such prior year, the intention being that such payments shall not be cumulative.

(2) If, on or before October 15, 1947, or during any subsequent calendar year and on or before October 15 of such year, the Company shall deliver Bonds of 1966 Series to the Trustee for cancellation for the sinking fund, together with an officers' certificate that such Bonds delivered by the Company have been acquired by the Company at a cost not in excess of the redemption price (otherwise than for the sinking fund) at the time applicable, and that no portion of such Bonds has been made the basis for the granting of an application for the authentication and delivery of additional Bonds or the withdrawal or reduction of cash under the provisions of this Indenture, the obligation of the Company to make the payment, required by paragraph (1) of this Subdivision (d) on or before October 15 in such calendar year, shall be credited with an amount equal to the principal amount of said Bonds, and the amount in cash required to be paid by the Company as aforesaid shall be reduced accordingly. The coupon Bonds so delivered by the Company to the Trustee for credit against the sinking fund obligation of the Company shall be accompanied by all unmatured coupons appertaining thereto, and all registered Bonds without coupons and all coupon Bonds registered as to principal so delivered shall be accompanied by duly executed instruments of transfer.

(3) The Bonds of 1966 Series will be redeemable for the sinking fund at the principal amount thereof plus accrued interest to the redemption date. Except as in this Subdivision (d) otherwise provided, such redemption shall be made in the manner and with the effect provided in Subdivision (c) of this Article and in Article V for redemptions otherwise than for the sinking fund. The Company covenants and agrees that if will, from sources other than the sinking fund, provide accrued interest on the Bonds so called for redemption for the sinking fund, and that it will pay the same to the Trustee prior to the date fixed for such redemption of such Bonds.

(4) All cash paid to the Trustee pursuant to the provisions of this Subdivision (d) shall be held in trust. An amount equal to the largest multiple of \$1,000 of all cash so held by the Trustee on the fifteenth day of October in each year, beginning with 1947, including the cash paid to the Trustee for the sinking fund in any prior years but not applied to the redemption of Bonds of 1966 Series pursuant to the provisions of this Subdivision (d), shall, unless less than \$25,000 be applied to the redemption, on the first day of December next following, of an equal principal amount of Bonds of 1966 Series. In any year in which Bonds of 1966 Series are so to be redeemed, the Trustee shall, prior to the twenty-eighth day of October, in such year, draw by lot in the manner deemed by it proper from the distinctive numbers of the coupon Bonds of 1966 Series outstanding and the distinctive numbers endorsed upon the outstanding registered Bonds of 1966 Series without coupons, the Bonds of 1966 Series to be redeemed, and shall notify the Company in writing, of the numbers of the Bonds of 1966 Series so drawn, and the Trustee shall give or cause to be given on behalf of the Company the notice required by Subdivision (c) of this Article in order to redeem on the first day of December, next following, the Bonds of 1966 Series so drawn at the principal amount thereof plus accrued interest to the redemption date. The Company shall not have the right to anticipate any instalment of the sinking fund.