

ARTICLE ONE.

Section 1. (1) The Company covenants and agrees with the Trustee that as to any additional First Consolidated Mortgage Bonds hereafter issued and delivered by the Company for value received, and so long as any thereof are outstanding, it will pay annually to the Trustee on July 1 of each year (hereafter sometimes called the "sinking fund payment date"), commencing on July 1 of the year following such issue and delivery, as and for a sinking fund (a) a sum equal to one per cent. (1%) of the aggregate principal amount of such additional Bonds so issued and delivered, or (b) a sum equal to the net income (as hereinafter defined) of the Company for the year ending on December 31 next preceding such sinking fund payment date, whichever is less. In case there shall be no such net income for any year ending December 31, the Company shall be under no obligation to make any sinking fund payment for the following year, the intention being that such payments shall not be cumulative.

(2) In event the Company shall not make any sinking fund payment, or shall make a sinking fund payment less than one per cent. (1%) of the principal amount of such additional First Consolidated Mortgage Bonds hereafter issued and delivered, as hereinabove authorized, the Company shall deliver to the Trustee the certificate of its President, or one of its Vice Presidents, and its Comptroller or other chief accounting officer, setting forth its net income for the year ending on the next preceding December 31, computed as required by (3) hereof. The Trustee shall be protected in relying on such certificates and shall be under no duty to make any verification of, or investigation or inquiry as to, any part thereof.

(3) The "net income of the Company" as used in this Supplemental Indenture, for the particular year in question, shall mean the result obtained by deducting from "income available for fixed charges" of the Company for such year the "fixed charges" of the Company for such year, as such terms are or from time to time shall be defined in the accounting rules and regulations, or other similar regulations at the time in force, prescribed by the Interstate Commerce Commission or other governmental agency having jurisdiction. If, at any time when the calculation is made, the Interstate Commerce Commission or other governmental agency having jurisdiction shall not have defined such terms in its accounting regulations then the term "net income of the Company" shall mean the result obtained by deducting from "income available for fixed charges" after payment of all expenses, the following (if not already deducted): rent for leased roads and equipment, interest on funded debt, interest on unfunded debt and amortization of discount on funded debt.

Section 2. At any time after the receipt of any sinking fund monies and until a date sixty (60) days prior to the next ensuing interest payment date, the Trustee, in such manner and from time to time in such amount as it may deem advisable in its discretion (or in such manner as may be requested by the Company and approved by the Trustee), shall apply such monies, so far as the same shall be adequate, to the purchase for the sinking fund of said additional bonds at a price (exclusive of accrued interest and broker's commissions and other charges) not exceeding the price at which such bonds shall then be redeemable by operation of the sinking fund as hereinafter provided, plus the amount of interest accrued thereon, such interest, broker's commissions and other charges to be provided by the Company out of its monies and not charged against sinking fund monies or payments.

Section 3. If upon the date limited as aforesaid for such purchases, the Trustee as above stated shall not have purchased bonds of an amount sufficient to exhaust the sinking fund monies available therefor, the amount of such monies remaining unexpended, if \$5,000 or more (or any amount less than \$5,000, if so requested by the Company), shall be applied by the Trustee on the next interest payment date to the redemption by lot of such bonds, at the following redemption prices, expressed in percentages of principal amount:

From January 1, 1947

to and including January 1, 1951, at 101%, thereafter
 to and including January 1, 1955, at 100-3/4%, thereafter
 to and including January 1, 1959, at 100-1/2%, thereafter
 to and including January 1, 1963, at 100-1/4%, and thereafter
 to maturity at 100%, together with accrued interest to
 date of redemption.