

of default as provided in Section 7.01, or default in the payment, when due, of any other payment of the principal of the Notes (whether at maturity or by acceleration or otherwise), the unpaid principal of the Notes and, to the extent permitted by law, any overdue interest, shall thereafter bear interest at the rate of 7% per annum until paid in full or until the Company, the Trustees and the holders of the Notes shall be restored to their former positions and rights hereunder in accordance with the provisions of Section 7.07.

The principal of and interest and premium, if any, on each Note shall be payable at the principal office of the Trustee in the City of Newark, State of New Jersey, or of its successor as such Trustee, in any coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts, against presentation of the Notes for marking such payment thereon, or, in the case of a payment or prepayment which will fully discharge all indebtedness of the Company evidenced thereby, against surrender thereof. The principal of and interest and premium, if any, on each Note shall be payable as follows: interest at the rate of 6-5/8% per annum from the date of such Note to and including the last day of the month in which such Note shall be dated, shall be payable on the date of such Note; equal monthly instalments (herein termed Instalment Payments) in the amount specified therein shall be payable on the first day of each and every month commencing on the first day of the month following the date of such Note and continuing to and including the first day of the month immediately preceding the date of maturity of the Notes; the Instalment Payments shall be applied to the payment of interest and principal of the Notes in the manner therein provided, and the amount of the Instalment Payments specified in each of the Notes shall be such that upon the due payment of all Instalment Payments, there shall have been paid to the holders of such Notes 85% of the principal amount thereof (as nearly as may be), in all cases, together with accrued interest on the entire unpaid principal amount thereof at the rate of 6-5/8% per annum to the first day of the month immediately preceding the date of maturity of the Notes; the remaining balance of the unpaid principal amount of the Notes, together with accrued interest thereon at the rate of 6-5/8% per annum, shall be payable on the maturity date thereof. The Notes originally issued hereunder shall be dated the date of their authentication and delivery, and Notes thereafter issued in exchange or substitution for Notes previously issued shall be dated so that there shall be no gain or loss to the Company or to any holder or transferee thereof.

Notwithstanding the foregoing provisions of this Section 1.01, interest payments and Instalment Payments on each Note shall be made by the Trustee by mailing or delivering its check to the payee thereof (or the person for whom such payee is a nominee) without presentation thereof to the Trustee for notation thereon, if there shall have been filed with the Trustee a copy of an agreement between the Company and such payee (or the person for whom such payee is a nominee) providing that (a) such payments will be so made, and (b) such payee (or the person for whom such payee is a nominee) will, before selling, transferring or otherwise disposing of such Note, surrender the