Section 3. In the event of redemption at any time pursuant to the provisions of this Article III of a part of the Bonds of the Seventh Series, the Company shall, at least 45 days prior to the redemption date (unless a shorter notice shall be accepted by the Trustee as sufficient and no such notice need be given in the event of redemptions out of the Improvement and Sinking Fund and Maintenance Fund) notify the Trustee of the principal amount of Bonds of the Seventh Series to be redeemed, specifying the date on which it is proposed that notice of such redemption will be first mailed or published, and thereupon the Trustee shall proceed as follows:

(a) If at the time there shall be outstanding any coupon Bonds of the Seventh Series not registered as to principal, the Trustee shall select for redemption, as nearly as may be, a principal amount of coupon Bonds of the Seventh Series not registered as to principal which bears to the total principal amount of Bonds of the Seventh Series then to be redeemed the same ratio that the principal amount of coupon Bonds of the Seventh Series not registered as to principal then outstanding bears to the total principal amount of Bonds of the Seventh Series then outstanding, and the balance of the Bonds of the Seventh Series then to be selected for redemption shall be coupon Bonds of the Seventh Series registered as to principal and registered Bonds of the Seventh Series without coupons. The particular coupon Bonds of the Seventh Series not registered as to principal to be redeemed shall be determined by the Trustee by lot according to such method as it shall deem proper in its discretion.

(b) The Trustee shall select the coupon Bonds of the Seventh Series registered as to principal and the registered Bonds of the Seventh Series without coupons to be redeemed in accordance with the terms of any written agreement executed by all registered holders of Bonds of the Seventh Series at the time outstanding, filed with the Trustee at or prior to the time of selection and satisfactory to it; or, if at the time there shall be no such written agreement on file with the Trustee, the aggregate principal amount of coupon Bonds of the Seventh Series registered as to principal and registered Bonds of the Seventh Series without coupons to be redeemed shall be allocated among the various registered holders

of Bonds of the Seventh Series pro rata in accordance with the aggregate principal amount of Bonds of the Seventh Series registered in their respective names, except that (i) the Trustee may in its uncontrolled discretion allocate an additional or lesser amount not exceeding $1,000 to one or more of such registered holders to the end that the principal amount of the Bonds of the Seventh Series registered in the name of any such registered holder to be redeemed will be $1,000 or a multiple thereof, (ii) in making such allocation, if the aggregate principal amount of Bonds of the Seventh Series registered in the name of any registered holder of Bonds of the Seventh Series shall be $1,000, the Trustee shall not be required to allocate any portion of such principal amount to any such registered holder, and (iii) any registered holder of more than one fully registered Bond of the Seventh Series and/or coupon Bond of said Series registered as to principal may request the Trustee in writing in the event of any redemption of Bonds of the Seventh Series (1) first to determine in the manner herein provided the aggregate principal amount of Bonds, registered in the name of such holder to be redeemed and (2) to effect, as near as may be, a pro rata redemption of Bonds of the Seventh Series so registered in the name of such holder, up to the aggregate principal amount so determined, and the Trustee shall act in accordance with any such written request; provided, however, that the Trustee shall not be required to make any allocation which would result in redemption of Bonds of the Seventh Series in amounts other than $1,000 or any multiple thereof.

(c) The Trustee shall notify the Company of the particular Bonds of the Seventh Series or portions thereof selected for redemption.

ARTICLE IV.

Improvement and Sinking Fund and Maintenance Fund Respecting Bonds of the Seventh Series.

Section 1. The Company covenants and agrees that, so long as any Bonds of the Seventh Series are outstanding, it will, as an Improvement and a Sinking Fund provision, on or before September 30 of each year beginning with the year 1955, deposit with the Trustee an amount