

ARTICLE V.

Sinking Fund.

Section 1.—For the purpose of this Article, the first day of August 1929 and the first days of each November, February, May and August thereafter are called Sinking Fund Payment Dates. If any of said days is a Sunday or a legal holiday, then the next succeeding business day shall be deemed to be a Sinking Fund Payment Date.

Section 2.—The Company covenants and agrees that it will forthwith create and, so long as any of the Bonds of the 1928 Series are outstanding, maintain a Sinking Fund, and that it will pay to the Trustee the amounts hereinafter set forth.

Section 3.—The Company covenants and agrees that so long as any Bonds of the 1928 Series are outstanding, it will during each quarterly period ending on each Sinking Fund Payment Date (beginning with the period ending August 1, 1929) retire an amount of Bonds equal to .00625 of the principal amount of Bonds outstanding under the Original Indenture upon the issuance of the Bonds of the 1928 Series. The Company may also satisfy all or any part of its obligation as aforesaid by expenditures in the acquisition of additional property, permanent improvements, extensions or additions of the nature described in Subdivision II of Section 2 of Article II of the Original Indenture of 1 1/2% of the principal amount of Bonds outstanding under the Original Indenture upon the issuance of the Bonds of the 1928 Series. The Company may retire Bonds by redemption or otherwise, or make such expenditures for the acquisition of additional property, in excess of or in advance of the foregoing requirement, and shall be credited on its obligations as aforesaid for any such excess or advance resulting from the retirement of such Bonds up to and including thirty-five days prior to the Sinking Fund Payment Date which shall terminate each quarterly period, or resulting from the making of such expenditures up to and including sixty days prior to the Sinking Fund Payment Date which shall terminate each quarterly period; provided that the Company shall not be entitled to any credit for Bonds retired in compliance with the minimum requirements contained in Section 3 of Article V of the Original Indenture, for the retirement of Bonds pursuant to the provisions of Article VI or Article VIII of the Original Indenture, or Bonds by reason of the retirement of which other Bonds have been authenticated pursuant to the provisions of Section 4 of Article II of the Original Indenture. The Company may satisfy all or any part of its obligation as aforesaid by the surrender, on any Sinking Fund Payment Date, to the Trustee of Bonds under the Original Indenture or any indenture supplemental thereto.

The covenants contained in this Section 3 shall not be deemed to be in addition to the covenants contained in Section 2 of Article V of the Original Indenture, and performance of the covenants contained in Section 2 of Article V of the Original Indenture shall be deemed to be pro tanto performance of the covenants contained in this Section 3.

Section 4.—(a) Thirty-five days prior to each Sinking Fund Payment Date the Company will advise the Central Company in writing (signed by its President or a Vice-President) whether it intends to satisfy its Sinking Fund obligation for the current quarter by the retirement of bonds or by expenditures for the acquisition of additional property, or partly the one and partly the other; and if such written advice shows that such obligation is to be satisfied by partly the one and partly the other, it shall state to what extent such obligation is to be satisfied by the retirement of Bonds, and to what extent it is to be satisfied by the acquisition of additional property.

(b) If such written advice shows that such obligation is to be satisfied to any extent whatsoever by the retirement of Bonds, such written advice shall be accompanied by a statement signed by the President or a Vice-President of the Company, delivered to the Central Company showing (1) the principal amount of Bonds outstanding under the Original Indenture on the issuance of the Bonds of the 1928 Series, (2) .00625 thereof, (3) the amount of Bonds theretofore retired during the current quarterly period and what portion thereof (if less than all) the Company intends to utilize in the performance of its obligation hereunder, (4) the amount of Bonds retired since the date hereof and prior to the current quarterly period which have not theretofore been utilized as a credit to the Company's obligation hereunder, and what portion thereof (if less than all) the Company intends to utilize as a credit to its obligation hereunder, and (5) the amount of Bonds to be retired, if any, during the balance of the quarterly period, and what portion thereof (if less than all) the Company intends to utilize in the performance of its obligation hereunder. Such statement shall state that only such Bonds as the Company is entitled to utilize as a credit to, or in performance of, the Company's obligation hereunder have been included in (3) and (4).

(c) If such written advice shows that such obligation is to be satisfied to any extent whatsoever by expenditures in the acquisition of additional property, such written advice shall be accompanied by a statement signed by the President or a Vice-President of the Company, delivered to the Central Company showing (1) the principal amount of the Bonds outstanding under the Original Indenture on the issuance of the Bonds of the 1928 Series, (2) .00625 thereof, and (3) the amount of such expenditures made since the date hereof and prior to sixty days before the end of the current quarterly period which have not theretofore been utilized as a credit to the Company's obligation hereunder, and what portion thereof (if less than all) the Company intends to utilize as a credit to its obligation hereunder.

(d) If such statement shall not notify the Central Company that the Company's obligation hereunder has already been satisfied either by the retirement of Bonds of the making of expenditures, and if such statement shall also not notify the Central Company that the Company intends to surrender to the Trustee on or before the next succeeding Sinking Fund Payment Date an amount of Bonds authenticated under the Original Indenture equal to the amount set forth in (5) of said statement, as required by Subdivision (b) of this Section, the Company covenants and agrees that it will on the next Sinking Fund Payment Date pay to the Central Company for the account of the Sinking Fund a sum in cash sufficient in amount to retire, at prices not exceeding the then prevailing Sinking Fund price (as hereinafter defined), an amount of Bonds of the 1928 Series equal to the difference between the amount set forth in said (5) of such statement and the amount which the Company has notified the Central Company that it intends to surrender as aforesaid.

(e) The Central Company shall be entitled to rely absolutely on the truth and accuracy of any matter contained in any statement so delivered to it.

Section 5.—It shall be the duty of the Central Company to apply, on each Sinking Fund Payment Date, whatever amounts of cash are paid to it under Section 4 of this Article for the account of such Sinking Fund to the redemption of Bonds of the 1928 Series, at prices not to exceed the Sinking Fund Price then in effect.

Upon the receipt of the statement mentioned in Section 4 of this Article, the Central Company shall draw by lot, in any usual manner in its discretion, an amount of Bonds equal to the difference between the amount set forth in (5) of such statement and the amount which the Company has notified the Central Company that it intends to surrender as aforesaid, and the Company shall forthwith give notice, in the manner set forth in Section 2 of Article IV (except that the first publication shall be not less than 30 days prior to such Sinking Fund Payment Date and that such notice shall be published once a week for four successive weeks) which such notice shall state the date (which shall be the next succeeding Sinking Fund Payment Date), the place of redemption, the Sinking Fund Price then in effect and the numbers of the Bonds to be redeemed. A copy of such notice shall also be mailed by the Company, first-class postage prepaid, at least 30 days before such Sinking Fund Payment Date to the owners of the registered Bonds of the 1928 Series which are to be redeemed, at their last addresses appearing upon the bond register. Proof, in form satisfactory to the Central Company, of the publication and mailing of such notice as hereinabove provided, shall be furnished to the Central Company by the Company on or before such Sinking Fund Payment Date.