

tee upon the release of, or as proceeds of insurance on, property, or upon the modification or termination of contracts or leases, subject to the lien of the Indenture, and (b) within 140 days after the completion of the initial stage of pipe line development referred to in the Indenture, by the application, under certain circumstances, of moneys theretofore received by the Trustee, but not utilized, for the payment of construction costs of such initial stage of pipe line development.

The Bonds of the 1977 Series are entitled to the benefits of the sinking fund provided in the Indenture and are subject to redemption on April 1, 1962 (or, under certain circumstances, on October 1, 1960, April 1, 1961 or October 1, 1961), and on each October 1 and April 1 thereafter, through the operation of such sinking fund, at the principal amount thereof together with accrued interest to the redemption date, upon notice given in the manner provided in the case of redemption at the option of the Company.

As more fully set forth in the Indenture, the Company, under certain circumstances, shall, on or before April 15, 1957, redeem the Bonds of the 1977 Series as a whole, at the principal amount thereof and accrued interest to the redemption date, upon notice given in the manner above provided, except that the mailing or first publication of such notice shall be not more than 60 days and not less than 14 days before the redemption date.

In the event of the selection for redemption (whether for the sinking fund or otherwise) of a portion only of the principal of this Bond, payment of the redemption price will be made only (a) upon presentation of this Bond for notation hereon of such payment of the portion of the principal of this Bond so redeemed, or (b) upon surrender of this Bond in exchange for a Bond or Bonds of the 1977 Series in either fully registered or coupon form (but only of authorized denominations) for the unredeemed balance of the principal of this Bond.

The Indenture contains provisions permitting the holders of not less than 66⅔% in principal amount of the Bonds then outstanding, including not less than 66⅔% in principal amount of the 1977 Series, by written consent, to waive compliance, on behalf of the holders of all the Bonds, with certain provisions of the Indenture. To the extent permitted by, and as provided in, the Indenture, modifications or alterations of the Indenture, or of