

operation of the sinking fund as provided in Section 1.03 at the principal amount thereof, without premium, together in any case with interest accrued thereon to the date of redemption.

Section 1.03. The Company covenants and agrees that so long as any Series E bonds are outstanding hereunder it will, in each of the years 1960-1988, both inclusive, not less than thirty (30) days prior to June 1st of such year, deposit with the Trustee, as and for a sinking fund for Series E bonds, moneys sufficient (when increased by the payment of accrued interest to such June 1st) to redeem on such June 1st, Series E bonds in aggregate principal amount equal to one per cent (1%) of the total aggregate principal amount of Series E bonds authenticated and delivered to and including such June 1st (exclusive of Series E bonds in exchange or substitution for which other bonds of Series E may have been authenticated and delivered under the provisions of Sections 2.09, 2.11, 2.12 and 7.06 of the Original Indenture and Section 1.05 hereof). On each such June 1st, the Trustee shall, insofar as it is possible for it so to do, exhaust the moneys in said sinking fund by applying the same to the redemption of Series E bonds.

Provided, however, that in lieu of depositing all or a part of such moneys the Company may deliver to the Trustee for cancellation, on or before the date required for such deposit, available bonds of Series E, such bonds to be credited against such sinking fund payment at the price (exclusive of accrued interest) paid by the Company for such bonds, which price (exclusive of accrued interest) shall in no event be greater than par.

The redemption price for Series E bonds redeemed for the purposes of the sinking fund created by this Section shall be the principal amount thereof, plus interest accrued thereon to the date fixed for such redemption, without any premium.