

and similarly noted on such bond; but (subject to the provisions of Section 12 of the Mortgage) the same may be discharged from registration by being in like manner transferred to bearer and thereupon transferability by delivery shall be restored; but such bond may again from time to time be registered or transferred to bearer in accordance with the above procedure. Such registration, however, shall not affect the negotiability of the coupons appertaining to such bonds, but every such coupon shall continue to be transferable by delivery merely and shall remain payable to bearer. Fully registered bonds of the Seventh Series shall also be transferable (subject to the provisions of Section 12 of the Mortgage) at said office or agency of the Company.

ARTICLE II.

Sinking Fund for Bonds of the Seventh Series.

SECTION 2. The Company covenants that, unless all bonds of the Seventh Series shall have ceased to be Outstanding, it will, as a sinking fund for the retirement of bonds of the Seventh Series, deliver to the Corporate Trustee an amount in cash and/or principal amount of bonds of the Seventh Series, on July 1 of each year, beginning with the year 1969 to and including the year 1988, equivalent to two per centum (2%) of (A) the greatest principal amount of all bonds of the Seventh Series prior to January 1 of such year at any one time Outstanding, less (B) the aggregate principal amount of all bonds of the Seventh Series, prior to the date of such delivery or transfer, retired pursuant to the provisions of subdivision (3) or subdivision (4) of Section 61 of the Mortgage by use or application of the proceeds of insurance on, the release or other disposition of, or the taking by eminent domain of, property, or pursuant to the provisions of Section 64 of the Mortgage, and less (C) the aggregate principal amount of bonds the right to the authentication and delivery of which (on the basis of the retirement of bonds of the Seventh Series) shall have been waived prior to such delivery of cash or bonds pursuant to the provisions of clause (c) of subdivision (4) of Section 59 of the Mortgage as the basis of the release of property or pursuant to the provisions of subdivision (2) of Section 61 of the Mortgage as the basis of the withdrawal of cash representing proceeds of insurance on, the release or other disposition of, or the taking by eminent domain of, property.