

D. Any balance of any Sinking Fund payment not satisfied by credits taken pursuant to the provisions of Paragraph C of this Section shall be paid in cash.

All bonds delivered to the Corporate Trustee for credit against the Sinking Fund shall be accompanied by all unmatured coupons, if any, thereto appertaining.

Whenever the Company shall desire to take credit against any Sinking Fund payment for bonds of the 1986 Series pursuant to clauses (a), (b) or (c) of Paragraph C of this Section, it shall deliver to the Corporate Trustee a certificate signed by the Treasurer or an Assistant Treasurer of the Company stating that such bonds have been duly issued and *bona fide* sold to persons other than an affiliate of the Company and have been redeemed or reacquired by the Company and stating that none of such bonds has theretofore been made the basis of a credit against any Sinking Fund payment hereunder (except to the extent provided in clause (c) of Paragraph C of this Section) or of the authentication and delivery of bonds or the withdrawal of cash or of any other credit under the Mortgage as supplemented and modified from time to time. All bonds delivered to the Corporate Trustee and credited against any Sinking Fund payment and all bonds redeemed by operation of, or the redemption of which has been made the basis of a credit against, the Sinking Fund, shall be cancelled and, so long as bonds of any of the present series, as defined in the Mortgage as supplemented and modified hereby, are outstanding, shall not be made the basis of the authentication and delivery of bonds or the withdrawal of cash or of any other credit under the Mortgage as supplemented and modified from time to time except to the extent provided in clause (c) of Paragraph C of this Section.

Forthwith after the March 15 next preceding any April Sinking Fund payment date or the September 15 next preceding any October Sinking Fund payment date on which the Company will be required to make to the Corporate Trustee a payment in cash for the Sinking Fund, the Corporate Trustee shall proceed to select for redemption, in the manner provided in Article Five of the Mortgage, a principal amount of bonds of the 1986 Series equal to the amount of such cash payment, and, in the name of the Company, shall give notice, as required by the provisions of Section 3 of this Article Two and Article Five of the Mortgage, of the redemption for the Sinking Fund of the bonds so selected on the then next ensuing interest payment date. The Company shall pay to the Corporate Trustee at least one day before such next