

paper printed and published in San Francisco, California, said publication to be made for at least one week immediately preceding the date appointed for the drawing.

And, upon the drawing of lots, notice of such redemption, giving the numbers of the bonds called, shall be given by the ELECTRIC COMPANY, by notice published in a daily newspaper printed and published in San Francisco, California, said publication to be made for at least sixty (60) days prior to the said semi-annual interest day fixed for such redemption; and, at the date fixed in such notice for redemption, the interest on the bonds called for shall cease, unless payment of said bond or bonds and the interest due thereon with said premium shall be refused by the ELECTRIC COMPANY after presentation pursuant to said notice.

Any bonds called for prior payment under the provisions of this Article may be paid at the request of the ELECTRIC COMPANY out of the sinking fund hereinafter mentioned, if the moneys in said sinking fund are not required for the purposes specified in Article VIII hereof, and upon said request the TRUSTEE IS hereby authorized to pay the same.

Section 2. It is expressly understood and agreed that if after any bond has been called for prior payment, in accordance with the foregoing provisions, the same shall not be presented to the TRUSTEE for redemption at the date fixed therefor in the published notice, the ELECTRIC COMPANY may deposit with the TRUSTEE to the credit of such bond, designated by the number thereof, a sum of money in such gold coin equal to the amount payable for the redemption of said bond, as hereinabove provided, which deposit shall be in full payment of the bond and coupons belonging thereto, as between the ELECTRIC COMPANY and the holder thereof. Thereupon and thereafter such bond and the coupons thereunto belonging shall be excluded from participation in the lien and security afforded by these presents, and the holder shall look for the payment of the bond and accrued interest only to the sum so deposited in the hands of the TRUSTEE and in no event to the ELECTRIC COMPANY; but said sum so deposited shall be held by the TRUSTEE to the credit and payment of said bond, and shall be paid without interest, by the TRUSTEE, to the holder of said bond, upon the presentation and delivery to it of such bond, together with all the outstanding coupons thereunto belonging.

Section 3. Upon the presentation to the TRUSTEE, cancelled, of all of said authorized issue of bonds and coupons, which at the time shall have been issued and outstanding, or upon the presentation of a portion thereof, cancelled, (all of said bonds having been duly called for payment) and the deposit by the ELECTRIC COMPANY of a sum of money in such gold coin sufficient to pay, at the rate aforesaid, all of said bonds and interest that are not presented to the TRUSTEE in accordance with the call thereof, the TRUSTEE shall cancel and discharge this mortgage as fully and to the same effect as if the total issue of said bonds and coupons had been paid to the holder at maturity.

Section 4. All bonds redeemed and paid, as in this Article provided, shall forthwith, with all unmatured coupons thereof, be cancelled in the presence of a representative of the TRUSTEE and a representative of the ELECTRIC COMPANY, and the TRUSTEE shall thereupon note upon this indenture the fact of such cancellation, and shall thereupon deliver to the ELECTRIC COMPANY a memorandum reciting the cancellation of said bonds and coupons.

ARTICLE VIII.

Section 1. The ELECTRIC COMPANY will create a sinking fund, to be specifically