

funds in the Sinking Fund provided for in Article II hereof, or from the proceeds of the sale of any property of the Company to any local, state or federal governmental authority, or if any of the bonds are redeemed from the proceeds of any insurance policy, then and in such event the notice of redemption provided for in Section 3 of Article V of said Indenture shall also contain a statement setting forth the source of the funds being used for the redemption of said bonds.

ARTICLE II.

SINKING FUND

Section 1. The Company covenants and agrees that, until the redemption or payment of the bonds of the 3½% Series due 1971, it will pay to the Corporate Trustee on the 1st day of December, 1943, and on the first day of each succeeding December, as a Sinking Fund, an amount equal to one and one-eighth per cent (1 1/8%) of the maximum principal amount of bonds of said 3½% Series due 1971 which shall have been at any one time outstanding pursuant to the provisions of the Indenture.

Section 2. While any of the bonds of the 3½% Series due 1971 shall remain outstanding, the Company covenants and agrees that in the event it creates and issues under the provisions of the Indenture bonds of any new series, it will pay into said Sinking Fund, in addition to any payments required to be made under Section 1 hereof, annually at the time set forth in Section 1 hereof, an amount not less than one and one-eighth per cent (1 1/8%) of the maximum principal amount of bonds of such other and new series which shall have been at any one time outstanding under the provisions of the Indenture. Subject to the provisions of this section, Sinking Fund provisions applicable to any series of bonds, other than the 3½% Series due 1971, shall be fixed and determined by the resolution of the Board of Trustees of the Company pertaining to any of such remaining bonds.

Section 3. All sums so paid to the Corporate Trustee pursuant to the provisions of this Article shall constitute a Sinking Fund for the further security of the bonds issued under the Indenture and then outstanding and shall be held and disbursed by the Corporate Trustee as in this Article II provided.

At the option of the Company, such payments may be made either in legal tender money of the United States, or in bonds issued under the Indenture at their principal amount or partly in cash and partly in bonds. The Company, at its option, may at any time anticipate Sinking Fund payments by making payments unto said Sinking Fund greater than that required at any specified time and shall receive credit for the amount of such excess payment against any subsequent installment required to be paid into the Sinking Fund.

Section 4. The Company, at its option, may deliver to the Corporate Trustee the certificates and showings set forth in subdivision III, V and VIII of Section 15 of Article I of said Indenture, and use said certificates and showings at the rate of sixty-five per cent (65%) of the cost or fair value, whichever is less, of new property and/or permanent additions as defined in Section 13 of Article I of said Indenture, in lieu of or in reduction of any payment then required under the provisions of Sections 1 and 2 of this Article II.

Section 5. In all cases in which the certificate and showings set forth in subdivision III of Section 15 of Article I of said Indenture are required, including the certification of new property and/or permanent additions as the basis for the authentication or delivery of bonds or the withdrawal of cash or as a credit to the Depreciation Fund or for use in lieu of or reduction of any payment to the Sinking Fund, then, and in any such event, in addition to the showings to be made pursuant to paragraph (c) of subdivision III, said certificate shall also show the extent to which such new property and/or permanent ad-