

1948, and the registered bonds of Series B without coupons shall be dated as provided in Section 2.04 of the Original Indenture. All Series B bonds shall mature April 1, 1973 and shall bear interest at the rate of three and three-quarters per cent. (3³/₄%) per annum from their respective dates, such interest to be payable semi-annually on the first day of April and the first day of October in each year. Both the principal of and interest on bonds of Series B shall be payable at the main office of Peoples National Bank of Washington in Seattle, in Seattle, Washington, or at the main office of its successor as corporate trustee, in lawful money of the United States of America. The texts of the coupon and fully registered bonds of Series B, the Trustee's certificate with respect to Series B bonds and the coupons appertaining to Series B coupon bonds shall be respectively substantially of the tenor and purport hereinbefore set forth.

Section 1.02. At the option of the Company and upon notice give as provided in Article Seven of the Original Indenture, the bonds of Series B shall be redeemable, in whole or in part, at any time at the principal amount thereof, plus interest accrued thereon to the date fixed for redemption, plus a premium equal to the then applicable percentage of the principal amount thereof: If redeemed on or before April 1, 1953, 6³/₄%; thereafter and on or before April 1, 1958, 5¹/₂%; thereafter and on or before April 1, 1963, 4%; thereafter and on or before April 1, 1968, 2¹/₂%; thereafter and on or before April 1, 1970, 1¹/₂%; thereafter and prior to maturity, 1%.

Section 1.03. The Company covenants and agrees that so long as any Series B bonds are outstanding hereunder it will, in each of the years 1949-1972, both inclusive, not less than thirty (30) days prior to April 1st of such year, deposit with the Trustee, as and for a sinking fund for Series B bonds, moneys sufficient (when increased by the payment of accrued interest to such April 1st) to redeem on such April 1st Series B bonds in aggregate principal amount equal to one per cent. (1%) of the total aggregate principal amount of Series B bonds authenticated and delivered to and including such April 1st (exclusive of Series B bonds in exchange or substitution for which other bonds of Series B 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 April 1st the Trustee shall, in so far 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 B bonds.

Provided, however, that in lieu of depositing all or a part of such moneys the Company may do either or both of the following: (1) Deliver to the Trustee for cancellation, on or before the date required for such deposit, available bonds of Series B, 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 the current redemption price (exclusive of accrued interest) for such bonds specified in this Section, and (2) appropriate on or before the date required for such deposit net bondable expenditures for property additions, net bondable expenditures so appropriated to be credited against such sinking fund payment at sixty per cent. (60%) of their amount.

In the event that any available bonds be delivered to the Trustee as aforesaid there shall also be filed with the Trustee a certificate signed and verified by the Treasurer or an Assistant Treasurer of the Company stating the amount or amounts paid by it for such bonds.

In the event that any net bondable expenditures be so appropriated, their appropriation shall be evidenced by the filing with the Trustee of a certificate of net bondable expend-