

fund payment with respect to such sinking fund payment date. To the extent that such right is not exercised in any year it shall not be cumulative or carried forward to any subsequent year. No such optional payment shall operate to reduce the amount of any mandatory sinking fund payment.

If the sinking fund payment or payments (mandatory or optional) to be made in cash plus any unused balance of any preceding sinking fund payments made in cash shall exceed \$50,000 (or a lesser sum if the Companies shall so request) on any October 15, such aggregate amount shall be applied by the Trustee or one or more paying agents on such October 15 to the redemption of Series B Bonds at the sinking fund redemption price together with accrued interest to the date fixed for redemption. The Trustee shall select, in the manner provided in § 2.02, for redemption on such October 15 a sufficient principal amount of Series B Bonds to absorb said cash, as nearly as may be, and the Trustee shall, at the expense and in the name of the Companies, thereupon cause notice of redemption of such Series B Bonds to be given in substantially the manner and with the effect provided in § 2.02 and § 2.03 for the redemption of Series B Bonds in part at the option of the Companies, except that the notice of redemption shall also state that the Series B Bonds are being redeemed for the sinking fund. Any sinking fund moneys not so applied or allocated by the Trustee or any paying agent to the redemption of Series B Bonds shall be added to the next cash sinking fund payment received by the Trustee or such paying agent and, together with such payment, shall be applied in accordance with the provisions of this § 2.04. Any and all sinking fund moneys held by the Trustee or any paying agent on October 15, 2000, and not held for the payment or redemption of particular Series B Bonds, shall be applied by the Trustee or such paying agent, together with other moneys, if necessary, to be deposited sufficient for the purpose, to the payment of the principal of the Series B Bonds at maturity.

On or before each sinking fund payment date, the Companies shall pay to the Trustee or to one or more paying agents in cash a sum equal to all interest accrued to the date fixed for redemption on Series B Bonds to be redeemed on such date pursuant to this § 2.04.

In lieu of making all or any part of any sinking fund payment in cash, the Companies may at their option deliver to the Trustee Series B Bonds theretofore purchased by the Companies. Series B Bonds so delivered shall

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