

delivered or credited shall be bonds which previously have been outstanding in the hands of the public (except in pledge) and which have been purchased by the Company.

With each such sinking fund payment the Company shall deliver to the Corporate Trustee the certificate of its President or a Vice-President, and its Secretary or an Assistant Secretary, stating the numbers and aggregate principal amount of Series A Bonds held in the treasury of the Company or pledged and which have never been outstanding in the hands of the public, the cost to the Company of any bonds delivered to the Corporate Trustee in lieu of cash, the amount and details of any credit claimed as a result of any payment to any other sinking fund together with a certificate of the trustee or sinking fund agent administering such sinking fund confirming such amount, the cost of any Qualified Bonds used as a credit against any sinking fund payment or delivered to the Corporate Trustee, the net income of the Company for the preceding calendar year and whether or not the Company has exercised its option to deduct \$500,000 therefrom in determining sinking fund net income.

SECTION 2.02. After the receipt of any sinking fund moneys and until and including the next ensuing July 15, the Corporate Trustee, in such manner and from time to time in such amounts as may be requested by the Company, shall apply such moneys, so far as the same shall be adequate, to the purchase for the sinking fund, including purchases from the Company of bonds which previously have been outstanding in the hands of the public (except in pledge) and which have been purchased by the Company, of uncanceled Qualified Bonds at or prior to their maturity, but only the Optional Use Payment may be used for purchase of Qualified Bonds other than Series A Bonds or First Consolidated Bonds. The price paid for such bonds (exclusive of accrued interest and brokerage commissions) shall not exceed the cost to the Company, if purchased from the Company, and shall not exceed the sinking fund redemption price, if any, for such bonds applicable on the