

amount of Bonds of the 1987 Series at the time outstanding, 37½% of the whole aggregate principal amount of Bonds of the 1984 Series at the time outstanding and 37½% of the whole aggregate principal amount of Bonds of the 1978 Series at the time outstanding, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption; *provided, however*, that if, on or before the twentieth day prior to the date fixed for such redemption, the Company and the Trustee shall have received written notice from the holders of all Bonds at the time outstanding electing not to accept such redemption, the Company shall not redeem the Bonds of such holders or any portion thereof under this Division B and all such Bonds shall continue in full force and effect. Pursuant to paragraph (3) of Article Two of the Payment Agreement, the Trustee shall notify Imperial of the amount, if any, required to be paid by Imperial under said paragraph (3) or, if no amount shall be payable, such notice shall so state. Subject to the provisions of the proviso to the next preceding sentence, the Company will redeem on such redemption date the Bonds or portions thereof specified in such notice given as provided in Section 3.07.

C. In the event of any such redemption pursuant to Division A or Division B of this Section 3.05, the respective amounts referred to in Sections 4.01, 4.03 and 4.05 which the Company is required to apply to the redemption of the Bonds shall, after the occurrence of such event, in each case, be reduced (to the nearest multiple of \$1,000) in the same proportion that the principal amount of Bonds of the related series outstanding immediately before such redemption has been reduced by such redemption.

SECTION 3.06. *Limitation on Redemption of Bonds of the 1978 Series.* The aggregate principal amount of Bonds of the 1978 Series which may be redeemed pursuant to Sections 3.01 and 4.02 shall not exceed \$3,000,000; and the Company shall not redeem any Bonds of the 1978 Series pursuant to either of said Sections unless, simultaneously with each such redemption, the Company shall also redeem, pursuant to Sections 3.02 or 4.04, a principal amount of Bonds of the 1984 Series which bears the same ratio to the principal amount of all Bonds of the 1984 Series at the time outstanding as the principal amount of Bonds of the 1978 Series then being redeemed bears to the principal amount of all Bonds of the 1978 Series at the time outstanding.