

of said bonds and coupons had been paid to the holder at maturity.

Section 4. All bonds redeemed and paid, as in this Article provided, shall forthwith with all unmatured coupons thereof, be cancelled in the presence of a representative of the TRUSTEE and a representative of the ELECTRIC COMPANY, and the TRUSTEE shall thereupon note upon this indenture the fact of such cancellation, and shall thereupon deliver to the ELECTRIC COMPANY a memorandum reciting the cancellation of said bonds and coupons.

ARTICLE VIII.

Section 1. The ELECTRIC COMPANY will create a sinking fund, to be specifically applied to the redemption and payment, on or before their maturity of the bonds to be issued and secured by this indenture, in the following amounts, on the following dates, in the manner as follows:

Commencing with the year 1915, and on the first day of July of that year, and on the first day of July of each year thereafter, until and including the first day of July, 1919, there shall be set apart for such sinking fund, and be paid by the ELECTRIC COMPANY to the TRUSTEE from the income of said ELECTRIC COMPANY received during the next year preceding, a sum equal to one and one half per cent. ($1\frac{1}{2}\%$) of the amount of bonds then issued and outstanding; and,

Commencing with the year 1920, and on the first day of July of that year, and on the first day of July of each year thereafter, until and including the first day of July 1936, there shall be set apart for such sinking fund and be paid by the ELECTRIC COMPANY to the TRUSTEE from the income of said ELECTRIC COMPANY received during the year next preceding, a sum equal to two per cent. (2%) of the amount of bonds then issued and outstanding; and,

Commencing with the year 1937, and on the first day of July of that year, and on the first day of July of each year thereafter, until and including the first day of July 1942, there shall be set apart for such sinking fund and be paid by the ELECTRIC COMPANY to the TRUSTEE from the income of said ELECTRIC COMPANY received during the year next preceding, a sum equal to two and one half per cent. ($2\frac{1}{2}\%$) of the amount of bonds then issued and outstanding.

And the money so set apart as such sinking fund shall be deposited with said TRUSTEE in trust to be used to redeem such bonds as follows:

Immediately upon the receipt of each of said sums, the TRUSTEE shall, in its discretion, either (a) purchase in the open market, at the then market price thereof, provided said market price does not exceed one hundred and five (105) per cent of the face value of the bonds and accrued interest, as many of said bonds as can be acquired with said sum deposited with it in trust, as in this paragraph above provided, together with any additional funds that the TRUSTEE may have in its possession on account of said sinking fund; or (b) shall request the ELECTRIC COMPANY to proceed under the regulations of Article VII hereof to call in such bonds for redemption. All bonds so purchased shall be forthwith cancelled, and the ELECTRIC COMPANY shall be notified by the TRUSTEE of the cancellation of said bonds so purchased and cancelled.

Any surplus at any time remaining after the redemption of bonds, as above provided, shall be held by the TRUSTEE to be added to and used in connection with the additional payments made to it, from time to time, by the ELECTRIC COMPANY for sinking fund as provided in this Article.

In the event of the redemption by the ELECTRIC COMPANY at any time of all the outstanding bonds secured by this indenture, all moneys then in the hands of the TRUSTEE under the provisions of this Article, or of any other provisions of this indenture, shall be property of the ELECTRIC COMPANY, and upon its request evidenced by certified copy of a resolution of its Board of Trustees, shall be delivered to said ELECTRIC COMPANY.