

Ten days before the date fixed for such payment specified in said notice, the Company shall deposit with the Trustee an amount sufficient to redeem and pay as aforesaid the said bonds called for payment, to be held for account of the holders thereof, and to be paid to them respectively upon presentation and surrender of said bonds and coupons; and the deposit having been so made such bonds after such payment date shall cease to bear interest, and the interest coupons maturing subsequent to the date fixed for such payment shall be void, and such bonds shall cease to be entitled to the benefit of any of the provisions in this agreement contained.

And all bonds so redeemed shall forthwith be cancelled and delivered to the Trustee.

Section 2. That for the purpose of creating a sinking fund to aid in retiring the First Mortgage Bonds hereby secured, the Company covenants that it will within 90 days after the close of each fiscal year, beginning with the year ending July 31, 1948, (so long as any bonds secured hereby are still outstanding) out of its net earnings, (after taxes and depreciation) pay to the Trustee to be deposited in The South Carolina National Bank of Charleston an amount to equal twenty-five (25%) per cent of such net earnings, the same to be used during the current fiscal year as a sinking fund for the retirement of bonds secured hereunder.

In lieu of cash the Company shall have the right to deposit with the Trustee, bonds secured hereby which it may have purchased or otherwise acquired, and the Company shall have credit therefor at the face value of the bonds so purchased or acquired as a payment on account of sinking fund.

Section 3. The Company may anticipate the payments required to be made into the sinking fund and make larger payments at any time, and all payments into the sinking fund in excess of the annual deposits stipulated in this Indenture, whether such deposits be in cash, or in bonds secured hereby as above permitted, shall be credited against said annual deposits required to be made by the Company under Sec. 2, Art. III of this Indenture.

Section 4. The Company shall have the right at any time out of any funds on hand to purchase at the best price obtainable any bond or bonds which may be offered to it or to purchase bonds in the open market, provided the purchase price shall not in any event exceed par plus interest accrued to the date of purchase. The Company shall also be entitled to have applied to the payment of bonds so purchased any sums of money then held by the Trustee under this Indenture and applicable under the provisions hereof to the redemption of bonds.

The Trustee, upon the presentation to it for cancellation of any bonds so purchased, with all unmatured coupons annexed thereto, and of a certificate by the corporation stating the purchase price of such bonds, shall pay to the corporation, or upon its written order, the purchase price of bonds so presented not exceeding the total of the funds then in the possession of the Trustee and applicable to such payment as hereinabove provided, and shall thereupon cancel such bonds and all coupons annexed thereto.

ARTICLE IV.

PARTICULAR COVENANTS BY THE COMPANY

Section 1. The Company covenants that it shall and will duly and punctually pay, or cause to be paid, to every holder of any bond issued hereunder and hereby secured, the principal of said bonds and the interest accruing thereon, at the dates and places and in the manner mentioned in said bonds or in the coupons thereto appertaining (unless sooner called or redeemed as authorized herein) according to the true intent, tenor and effect of said bonds and coupons and of this Indenture, without deduction for any tax or taxes which the Company may be required to pay thereon or retain therefrom, under or by reason of any present or future law, national, state or municipal, the said Company hereby agreeing to pay all such taxes, assessments or charges; but this provision shall not apply to any inheritance or succession taxes, or to income taxes.

Section 2. The Company covenants that it will, from time to time,