

capital to become or be impaired below its present amount except in consequence of depreciation, obsolescence, amortization or losses incurred in the ordinary course of business, and will use its best efforts to make good any impairment from such depreciation or losses as soon as reasonably may be, and will create and maintain reasonable and proper reserves therefor; and the Company will not suffer or permit any default to occur under any of the Bonds, or under this Indenture, but will faithfully observe and perform all the provisions, conditions, covenants and requirements of the Bonds, and hereof, and of any other indenture or indentures (pursuant to the provisions hereof) which the Company may enter into with the Trustee and which shall be expressed to be supplemental to this Indenture.

Section 9. The Company will at all times insure and keep insured all of the Trust Property of an insurable nature and of a character usually insured by companies carrying on a business similar to the business of the Company against loss or damage by fire and other casualties usually insured against by such similar companies, to such extent, in such insurance companies, and by such forms of policies as shall be necessary to protect such property adequately and as similar property is usually insured by similar companies. The policies of insurance on the Trust Property shall be made payable and shall be delivered to the Trustee; and, at least fifteen (15) days before the expiration of any such policy, the Company will cause to be delivered to the Trustee a renewal of any policy about to expire or a new policy or policies operating as a renewal thereof, to the satisfaction of the Trustee.

In case of any loss or damage, any adjustment of loss approved by the Company (at any time that the Trustee shall not have notice that the Company is in default hereunder) may and, in case of any loss not exceeding ten thousand dollars (\$10,000), shall be accepted and acted upon by the Trustee as being fair, just and accurate; and all sums received by virtue of any such insurance on the Company's fixed assets before the Trustee shall have notice as herein provided that the Company is in default hereunder, and all sums received by virtue of any and all such insurance (except any Workmen's Compensation, use and occupancy and/or liability insurance) after the Trustee shall have such notice, shall be paid to and be held and disbursed by the Trustee as hereinafter in section 6 of Article XII hereof provided, except that if the proceeds of any insurance on the fixed assets now or hereafter subject to this Indenture are less on account of any one loss than twenty-five thousand dollars (\$25,000), and if at the time the Trustee shall not have received notice that the Company is in default hereunder, such proceeds shall be released by the Trustee to such extent as may be necessary in order that such proceeds not exceeding twenty-five thousand dollars (\$25,000) may be paid over to the Company; and in such case the Company (except as provided in the paragraph next following) will account, by detailed sworn certificate of its treasurer, to be filed with the Trustee at the end of each ninety (90) day period after such payment to the Company until the moneys so paid are completely expended and accounted for, showing the use, pursuant to the provisions hereof, made by the Company of each and every such payment to the Company.

In case of any loss or damage, the Company will either repair the property damaged or replace the property destroyed; provided, however, that in a particular instance, or particular instances, the Company may file with the Trustee a certified copy of a resolution of the board of directors of the Company to the effect that in the judgment of said board of directors it is for the best interests of the Bondholders and the Company not to repair the property damaged or replace the property destroyed, and thereupon such repairing or replacing shall not be obligatory upon the Company if and to the extent that the determination of said board of directors is confirmed as being in the interests of the Bondholders by a sworn certificate of an engineer or other person (who may be in the employ of the Company) appointed and paid by the Company and approved by the Trustee; and provided further that if, at the end of one (1) year after the receipt by the Company of any insurance moneys which by the provisions of this section are payable to the Company, the Company has not expended (or if, prior to that date, the Company elects, and notifies the Trustee of its election, not to expend) all of any such payment to the Company in repairing the property damaged or replacing the property destroyed, the Company will in each such case pay to the Trustee the unexpended portion of any such moneys, to be held and disbursed by the Trustee as hereinafter in section 6 of Article XII hereof provided.

Section 10. The Company will at all times keep proper books of account and records and will furnish to the Trustee as soon as practicable after the close of each fiscal year, and at such other times, if any, as the Trustee shall reasonably request, an income statement and balance sheet, in such detail as the Trustee shall require, prepared for the Company by accountants acceptable to the Trustee, and will at all times give to the Trustee upon request full information pertinent to any covenant, condition or provision hereof or regarding any matter connected with its business arising under this Indenture, and at all reasonable times will permit the Trustee or its duly authorized representative to examine its books of account, records, files, documents and property.

Section 11. The Trust Property is now wholly free and unencumbered from and by any trust deed, mortgage, pledge or other encumbrance or lien of any kind, except only such as are referred to in the granting clauses hereof, the mortgage to the Citizens and Southern National Bank of Augusta as Trustee, covering land in Augusta, Georgia, to secure sixty thousand (60,000) dollars principal amount of bonds on the next available date funds have been deposited in trust, and taxes not yet due; and the Company will duly and punctually perform, pay and discharge, or, if it contests, will stay (and indemnify the Trustee from time to time to the satisfaction of the Trustee against) the enforcement of, all obligations and claims arising or to arise out of or in connection with each and every such encumbrance. The Company will not create or suffer any mortgage, pledge, lien or charge, or any other encumbrance, of any kind, superior to or on a parity with the lien of this Indenture, upon the Trust Property, or any part thereof, now owned or hereafter acquired, except that the purchase and ownership by the Company of new properties subject to mortgage or other encumbrances or lien, either existing at the time of acquisition or contemporaneously created to secure a part of the purchase price thereof, shall not be deemed creating or suffering a mortgage, pledge, lien, charge or other encumbrance within the meaning of the foregoing covenant unless the Company shall become obligated by the assumption or creation of such mortgage, encumbrance or lien to an amount exceeding sixty per cent. (60%) of the cost (including the amount of such mortgage, encumbrance or lien) to the Company of the property so acquired, in which event the assumption or creation of such obligation shall be deemed a violation of the foregoing covenant.

Section 12. The Company is lawfully seized in fee simple of the real estate, and lawfully and absolutely owns and is possessed of the personal property, together constituting the Trust Property described in the granting clauses of this Indenture, and has good title to, and full power and authority to sell, assign, transfer and convey, the property hereby sold, assigned, transferred and conveyed or purported to be sold, assigned, transferred or conveyed; and the Company will warrant and defend the title to the Trust Property, and every part thereof, to the Trustee, against all claims and demands whatsoever of every person and all persons claiming or to claim the same or any interest therein, except only such as are referred to in the granting clauses hereof, the mortgage to the Citizens and Southern National Bank of Augusta as Trustee, covering land in Augusta, Georgia, to secure sixty thousand (60,000) dollars principal amount of bonds outstanding, for the redemption of which bonds on the next available date funds have been deposited in trust, and mortgages, encumbrances or liens on after-acquired property to the extent permitted in section II last preceding, and taxes for the current year not at the time due. The Company will keep this Indenture at all times properly filed and recorded, and re-filed and re-recorded, in such manner and in such places, and will do such other acts, as may be necessary or desirable to establish and maintain the superior title hereof to the Trust Property.

Section 13. Upon the happening of an event of default as defined in section 1 of Article V, and its continuance for the period, if any, therein specified, upon and pursuant to the written demand of the Trustee the Company will assign to the Trustee for the benefit of the Bondholders its rights as lessor and/or lessee, under any or all of its then existing leases of any part or parts of the Trust Property.

Section 14. The Company will issue Bonds and apply the proceeds only in accordance with the provisions hereof and in accordance with all laws, orders and requirements of any governmental authority having jurisdiction in respect thereof.

Section 15. The Company covenants that while any of the Bonds of Series A are outstanding it will declare no dividends upon its common stock which will reduce its net current assets, exclusive of inventories, as determined by good accounting practice, below one hundred thousand dollars (\$100,000).

ARTICLE V.

Defaults and Remedies.

Section 1. If any one or more of the following events (herein generally termed events of default), shall happen, viz:

- (1) if default shall be made in the payment of any instalment of interest on any of the Bonds, or any sinking fund instalment, when and as the same shall become due and payable, as therein or herein expressed, and such default shall continue for a period of thirty (30) days; or
- (2) if default shall be made in the payment of the principal of any of the Bonds when the same shall become due and payable, whether at maturity, by call for redemption, by declaration or otherwise; or
- (3) if default shall be made in the observance or performance of any other covenant, condition, agreement or provision expressed or implied in the Bonds or in this Indenture, and any such default shall continue for a period of sixty (60) days after written notice of such default to the Company from the Trustee (which in its discretion may, and, upon written request of holders of not less than either, whichever is the lesser, fifteen per cent. (15%) in principal amount of the Bonds at the time outstanding; or twenty-five per cent. (25%) in principal amount at the time

outstanding of any particular series, if more than one series be outstanding hereunder, in respect of which such default shall exist, shall, serve such notice), or forthwith upon such notice and without any lapse of time if the Company shall waive the same or if such default, if continued, would in the opinion of the Trustee, evidenced by written notice to the Company, cause the loss by the Company of any of the property needed to maintain and operate any substantial portion of its property and business; or

(4) if the Company shall be dissolved (except upon compliance with the provisions of Article IX), or to be adjudged bankrupt, or become insolvent, or shall file a petition for voluntary bankruptcy or make a general assignment for the benefit of its creditors, or shall lose its charter by forfeiture or otherwise, (except as aforesaid), or shall admit in writing its inability to pay its debts, generally, as they become due; or if (except as aforesaid) a trustee or receiver of the Company or of all or a substantial part of the property of the Company shall be appointed, whether with or without the consent of the Company, or if (except as aforesaid) an order shall be made for the winding up or liquidation of all or a substantial part of the business of the Company, unless the order or decree of such appointment, winding up or liquidation shall be vacated, or such trustee or receiver shall be discharged, within sixty (60) days from the date of the entry or granting of such order or decree; or if final judgment for the payment of money shall be rendered against the Company, unless the Company shall discharge the same or cause it to be discharged within sixty (60) days from the entry thereof, or unless within said sixty (60) days the Company shall appeal therefrom or from the order, decree or process upon or pursuant to which such judgment was granted, passed or entered; or if corporate action shall be taken on the part of the Company for, or to facilitate or assist in the accomplishment of, any one or more of the events specified in this sub-clause (4);

then, and in each and every event, the Trustee may in its discretion (and, at the written request, specifying the particular event or events of default, from holders of not less than either, whichever is the lesser, fifteen per cent. (15%) in principal amount of the Bonds then outstanding, or twenty-five per cent. (25%) in principal amount at the time outstanding of any particular series if more than one series be outstanding hereunder, in respect of which such default shall exist, and upon being indemnified and put in funds to its satisfaction, and, of required by the Trustee, upon being furnished with proof of ownership satisfactory to the Trustee, the Trustee shall) take all appropriate steps for the protection and enforcement of its rights and the rights of the holders of the Bonds, whether by appropriate judicial proceedings or otherwise, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Trustee and of the Bondholders.

In each and every such case the Trustee may act without the possession of any of the Bonds or coupons or the production thereof on any trial or other proceedings relative thereto, and such other action taken or proceeding instituted by the Trustee shall be taken or brought in its name as Trustee and any recovery of judgment or other enforcement of any of the benefits and provisions hereof or of the Bonds shall be for the benefit of the Trustee as herein provided and (subject to the provisions of sections 7 and 8 of Article II hereof) for the ratable benefit of the holders of the Bonds and coupons and claims for interest in respect of which judgment or other such enforcement shall be obtained.

The Company covenants that in each and every such case, forthwith upon demand of the Trustee, it will duly perform the covenant or condition in respect of which such default shall exist, and also each and every covenant, condition, agreement and provision hereof then applicable, and will pay to the Trustee, as trustee of an express trust, any and all sums remaining due from the Company on the Bonds, for interest, or principal, or both, as the case may be, with interest at the rate specified in each Bond, respectively, on overdue instalments of interest and principal (to the extent that such interest on overdue principal is not represented by a coupon or coupons) together with the costs and expenses of such protection and enforcement and the whole amount remaining payable at the time by the Company under any of the provisions of the Bonds or of this Indenture. The Company further covenants that, upon the commencement of any suit or other legal or equitable proceeding by the Trustee, the Company, waiving the issuance and service of process, will enter its voluntary appearance and consent to the entry of a judgment for the entire amount at the time payable by the Company hereunder, and for such other relief as the Trustee may be entitled to hereunder.

The Trustee may (and, upon receipt of such written request from holders of not less than a majority in principal amount of the Bonds then outstanding, and of such indemnity, funds and proof of ownership as aforesaid, the Trustee shall) waive any default (except a default in the payment of the principal of any of the Bonds at the maturity therein stated) which in its opinion shall have been cured before sale or before entry of final judgment or decree under or completion of other enforcement of this Indenture, but no waiver by the Trustee or the Bondholders shall extend to or affect any other existing or any subsequent default or defaults, or impair any rights or remedies consequent thereon.

Section 2. In furtherance and not in limitation of the powers herein granted and the provisions herein contained, if one or more of the events of default as hereinbefore defined shall happen:

Subsection A. The Trustee may (and, upon receipt of such written request, specifying the particular event or events of default, from holders of not less than a majority in principal amount of the Bonds then outstanding, and of such indemnity, funds and proof of ownership as aforesaid, the Trustee shall), from time to time, declare, by written notice to the Company, the principal of all the Bonds then outstanding, if not already due, to be forthwith due and payable, and upon any such declaration the same shall become and be forthwith due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding. If, however, at any time after the principal of the Bonds shall have been so declared due and payable, and before sale or before entry of final judgment or decree under or completion of other enforcement of this Indenture, all arrears of interest upon the Bonds, with interest on overdue instalments at the rate specified in each Bond, respectively, together with compensation to and all expenses and advances of the Trustee and of any receiver or any assignee or any trustee in bankruptcy, and all other amounts at the time payable by the Company under any provision of this Indenture or of the Bonds, shall either be paid by the Company or otherwise be received by the Trustee, and if any such receiver, assignee or trustee in bankruptcy shall have been discharged and possession of its business and property restored to the Company, and any and every attachment, judgment, execution or other legal process theretofore levied upon any of the property of the Company shall have been satisfied, vacated or discharged by the giving of a bond or otherwise, and all other existing events of default (other than in the payment of the principal of the Bonds at the time due only because of a declaration under this subsection) of which the Trustee shall have notice shall have been remedied, or provision for such payment or remedy satisfactory to the Trustee shall have been made, then and in every such case the Trustee may (and, upon receipt of such written request from holders of not less than a majority in principal amount of the Bonds then outstanding, and of such indemnity, funds and proof of ownership as aforesaid, the Trustee shall), by written notice to the Company, waive any such default or event of default and its consequences and rescind and annul such declaration of maturity; but no such waiver, rescission or annulment shall limit or affect the Trustee's right upon any other default, to declare the principal due as aforesaid, or extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Subsection B. The Trustee may (and, upon receipt of such written request, specifying the particular event or events of default, from holders of not less than either, whichever is the lesser, fifteen per cent. (15%) in principal amount of the Bonds then outstanding or twenty-five per cent. (25%) in principal amount at the time outstanding of the Bonds of any particular series if more than one series be outstanding hereunder, in respect of which such default shall exist, and of such indemnity, funds and proof of ownership as aforesaid, the Trustee shall) proceed from time to time, in its own name and as trustee of an express trust, to protect and enforce its rights and the rights of the Bondholders by a suit or suits in equity or at law whether for the specific performance of any covenant, condition, agreement or provision contained in the Bonds or herein, or in aid of the execution of any power herein granted, for interest, or principal, or both, or for the enforcement of any other appropriate legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual in support of or to protect or enforce any of its rights or duties or the rights of the Bondholders hereunder and under the Bonds, and shall be entitled to recover judgment, against the Company and/or any receiver, trustee or assignee of the Company, for the whole amount remaining payable at any time by the Company on the Bonds, for interest, or principal, or both, as the case may be, with interest at the rate specified in each Bond, respectively, on overdue instalments of interest and principal (to the extent that such interest on overdue principal is not represented by a coupon or coupons), together with the whole amount at any time remaining payable by the Company under any of the provisions of the Bonds or hereof, and in addition thereto any such further amount as shall be sufficient to cover the cost and expenses of collection or of other proceedings hereunder, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to enforce any judgment or final decree against the Company and collect, out of the property of the Company, wherever situated, in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall be entitled to recover judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture upon the Trust Property, and the right of the Trustee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture; and, in the case of a sale of the Trust Property, and of the application of the proceeds of sale to the payment of the debt, the Trustee, in its own name, and as trustee of an express trust, shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon any and all of the Bonds then outstanding, for principal or interest, or both, for the benefit of the holders thereof, and shall be entitled to recover judgment for any portion of such amount due under any of the provisions of this Indenture and remaining unpaid, with interest. No recovery of any such judgment by the Trustee, and no levy of any execution upon any such judgment upon property subject to this Indenture, or upon any other property, shall in any manner or to any extent affect the title of the Trustee to the Trust Property or any part thereof, or any rights, powers or remedies of the Trustee hereunder, or any rights, powers or remedies of the holders of the Bonds, but such title, rights, powers, and remedies shall continue unimpaired as before.