

ARTICLE IV.

Particular Covenants of the Company.

The Company covenants and agrees, in particular, but without limiting other covenants and provisions hereof, as hereinafter in this Article set forth, namely:

Section 1. The Company will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds, at the dates and place and in the manner mentioned in the Bonds and herein, according to the true intent and meaning thereof and hereof. In order to prevent any accumulation of claims for interest after their respective maturities, the Company will not, directly or indirectly, extend or assent to the extension of the time for the payment of any claim for interest and will not, directly or indirectly, be a party to or approve any such extension by purchasing or funding such claims for interest, or in any other manner.

Section 2. The Bonds may be presented for payment, registration and transfer, claims for interest may be presented for payment, and notices or demands in respect of the Bonds or claims for interest thereon or of this Indenture may be served or made, at the principal office of the Trustee, which shall be the agent of the Company for the purpose of such registration and transfer and of receiving such presentations, notices and demands. But the Trustee shall not be under any liability to the Company or to any other person or corporation in respect of any presentation, notice or demand made pursuant to this section except for gross neglect or willful failure to transmit to the Company any such notice or demand and the Trustee shall not be required to take cognizance of the contents or substance of any such notice or demand.

Section 3. The Company is duly organized and existing under the laws of the State of Delaware, and is duly authorized under all applicable provisions of law to conduct its business in South Carolina and Georgia and to create and issue the Bonds and to execute this Indenture, and all corporate action on its part for the creation and issue of the Bonds as herein provided and the execution and delivery of this Indenture, has been duly and effectively taken. The Bonds in the hands of holders thereof, and this Indenture, are and will be valid and enforceable obligations of the Company in accordance with the provisions thereof and hereof.

Section 4. The Company will from time to time at the request of the Trustee reimburse, indemnify, put in funds and save harmless the Trustee for and against all expenditures, damages, advances, disbursements, loss, cost, expenses and liabilities to which the Trustee or any person employed or consulted by it hereunder may be or may become subjected, directly or indirectly, by the execution of the trusts hereof, not caused by the gross neglect or willful misconduct of the Trustee, and will pay to the Trustee reasonable compensation for its services and the services of all persons employed or consulted by it in connection with this Indenture and the trusts, powers and duties thereof, and all sums of money, if any, that shall have been paid or caused to be paid by the Trustee, in case of any default in the payment thereof on the part of the Company, on account of any taxes, assessments, rates, charges, claims, debts, liens or insurance premiums, or other payments required to be made by the Company under any of the provisions hereof, in each case with interest on all overdue payments at the rate of six per cent. (6%) per annum, unless in a particular instance, or in particular instances, a different rate shall be expressly agreed upon by the Company and by the Trustee.

Section 5. The Company will from time to time upon the request of the Trustee make, do, execute, acknowledge, deliver and record or file whenever required for the proper protection of the Bondholders and of the Trustee all such further and additional acts, deeds, assurances and instruments and will take all such further action as may reasonably be required by the Trustee for assuring and confirming to and to the use of the Trustee, in trust, all and singular the property included or intended to be included in the Trust Property and to carry out the intention of this Indenture or for assuring to the Trustee, or the holders of the Bonds, the rights, benefits and security of this Indenture and the covenants of the Company herein contained, and the payment of the Bonds.

Section 6. The Company will not sell, convey, transfer or lease its property as a whole, or substantially as a whole, and no other person, firm, association or corporation shall by consolidation, merger, grant, lease or otherwise be vested with the title to such property, as a whole or substantially as a whole, except upon compliance with the conditions prescribed in Article IX hereof; and the Company will not in any event at any time dispose of any part of its property required or useful in carrying on its business, or of any part of its assets except for full value and in the proper conduct of its business.

Section 7. From time to time the Company will comply with all laws, rules, regulations, ordinances and other requirements of any governing body or officer having jurisdiction in the premises relating to the conduct of the Company's business, the erection, repair and use of its buildings, machinery, plant and other property, and otherwise, and will pay and discharge, before the same shall fall into arrears, all taxes, assessments and municipal and governmental rates and charges lawfully levied or imposed upon the Company or upon or in respect of all or any part or parts of its property, business and franchises, or upon or in respect of all or any part or parts of the income and profits thereof, or of the interest of the Trustee or others therein, or of moneys in the possession of the Trustee pursuant to any provision hereof, as well as all lawful claims for labor, materials and supplies, and all other debts and charges which, if unpaid, might by law become a lien or charge upon the property of the Company, or lead to the suspension of its business, and will exhibit to the Trustee, upon request, receipts for, or other satisfactory evidence of, each such payment; provided, however, that nothing herein contained shall require the Company to pay any such taxes, assessments, rates, charges, claims, debts or liens, so long as the Company shall in good faith contest the validity, and stay the execution and enforcement, thereof, and shall, from time to time upon demand of the Trustee, furnish security satisfactory to the Trustee for so staying execution and enforcement and for the payment thereof if and when determined to be valid.

Section 8. The Company will at all times maintain, preserve and keep all and each part of the Trust Property in thorough repair, working order and condition, and supply and keep the same supplied with all necessary equipment, and will from time to time make all needful and proper repairs, renewals, replacements, additions, betterments, alterations and improvements thereto, so that the business carried on in connection therewith, and every portion thereof, may at all times be properly and advantageously conducted, and it will not make or suffer, or permit others to make, any waste thereof.

The Company, except only as interrupted by causes beyond its control, or except upon compliance with the conditions of Article IX hereof, will also continuously conduct and carry on its usual business and use and operate its property in an efficient and proper manner, and will at all times continue, maintain, extend and renew its corporate existence and franchises for all purposes of this Indenture, and will not permit its 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, or under its First Indenture or any bonds issued and to be issued thereunder, 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 execute and deliver to the Trustee and which shall be expressed to be supplemental to this Indenture and of the First Indenture and the bonds issued and to be issued thereunder, and of any indenture supplemental thereto.

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. Except as hereinafter in this Section 9 provided, the policies of insurance on the Trust Property shall be made payable and shall be delivered to the Trustee; and, except as aforesaid, 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. Upon taking out any policies which are not to be delivered to the Trustee as herein provided, the Company will furnish to the Trustee a list of such policies showing the character of the insurance, the property and the risk covered, the name of the insurance company and other pertinent details, and will keep the Trustee fully informed of any changes in or additions to such list. But nothing herein contained shall be construed to require the Trustee to determine whether the insurance carried by the Company is in accordance herewith or whether such insurance is in force or has expired, or been cancelled or renewed.

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 X hereof provided, except that if the proceeds of any insurance on the fixed assets now or hereafter subject to this Indenture are less 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. The Trustee, for the purposes hereof, may accept a certificate of the treasurer of the Company to establish the necessity for any release and may accept the certificate of such treasurer as to the expenditure of said moneys as true and the Trustee shall not be required to determine whether such expenditures are in accordance herewith.

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, but such insurance moneys shall in no event be applied to the purchase, improvement or repair of any property not subject to this Indenture subject only to the prior rights of the First Indenture; and provided further that if, at the end of one (1) year after the receipt of 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 X hereof provided.

The foregoing provisions of this Section 9 are subject nevertheless to the following terms and conditions, viz., if, and so long as, any property so insured is covered by the First Indenture or any other trust deed, mortgage or other instrument creating title to or lien upon such property prior to that of this Indenture, the losses under the policies for such insurance, until final satisfaction and release of such prior trust deed, mortgage or other instrument, may, if such trust deed, mortgage or other instrument shall so provide, be made payable to and such policies may be deposited with the Trustee under said First Indenture or other trust deed or mortgage under such prior instrument, it being hereby stipulated and agreed that upon the satisfaction and release of such prior First Indenture or other mortgage or other instrument any insurance money then in the hands of the trustee or mortgagee thereunder shall forthwith be paid over to the Trustee hereunder.

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 Mortgaged 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 lands in Augusta, Georgia, to secure sixty thousand dollars (\$60,000) principal amount of bonds outstanding, for the redemption of which bonds on the next available interest date funds have been deposited in trust and current taxes and assessments not in default and except the First Indenture and except also any other encumbrances referred to in the granting clauses hereof 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 arising or to arise out of or in connection with each and every such encumbrance. The Company will not create or suffer to be created any other trust deed, mortgage, pledge, lien or charge, or any other encumbrance, of any kind, superior to or on a parity with this Indenture, upon the Trust Property, or any part thereof.

Section 12. Subject to the rights created by the First Indenture 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 particularly 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 dollars (\$60,000) principal amount of bonds outstanding, for the redemption of which bonds on the next available interest date funds have been deposited in trust and the rights created by the First Indenture and current taxes and assessments not in default and except also any other encumbrances referred to in the granting clauses hereof. The Company will keep this Indenture at all times properly filed and recorded, and refiled 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. 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.

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, when and as same shall become due and payable, as therein and 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 an event of default as defined in the First Indenture of the Company shall have occurred and be continuing; or
- (4) 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 the written request of holders of not less than twenty-five per cent. (25%) in principal amount of Bonds at the time outstanding hereunder, 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
- (5) 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 (5);

then, and in each and every such 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 twenty-five per cent. (25%) in principal amount of Bonds at the time outstanding hereunder, and upon being indemnified and put in funds to its satisfaction, and, if, 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