

will not become subject to Federal Income Taxes as a result of a violation of the capital expenditures limitation prescribed in said Section 103(c)(6)(D), the Lessee covenants with the Lessor, the Trustee, and with each of the future holders of any Series A Bonds or interest coupons appertaining thereto as follows:

(1) The Lessee covenants and agrees that the aggregate amount of (a) the principal amount of the Bonds and (b) capital expenditures with respect to any land and interests therein, buildings, structures, machinery, equipment and other facilities of which the Lessee or a related person as defined in Section 103(c)(6)(D) of the Internal Revenue Code of 1954 is the principal user and located within the corporate limits of the County of Greenville, South Carolina, as such corporate limit existed at the date of issuance of the Bonds, paid or incurred during the six-year period beginning three years before the date of issue of the Bonds and ending three years after such date of issue (and financed otherwise than out of the proceeds of the Bonds), shall not exceed \$5,000,000 or such lesser or greater amount as may from time to time be permitted by federal statute or regulations and which does not affect the exemption from federal income taxation of the interest paid on the Bonds; provided, however, that capital expenditures (1) to replace property destroyed or damaged by fire, storm, or other casualty, to the extent of the fair market value of the property replaced, (2) required by a change made after the date of issue of the Bonds in a Federal or State law or local ordinance of general application or required by a change made after such date of issue in rules and regulations of general application issued under such a law or ordinance, or (3) required by circumstances which could not be reasonably foreseen on such date of issue or arising out of a mistake of law or fact shall not be taken into account if then exempted under the provisions of Section 103(c)(6)(D) of the Code, (but the aggregate amount of expenditures not taken into account under this clause (3) shall not exceed \$250,000).

(2) Lessee covenants and agrees that it will never permit the occurrence of any circumstance set forth in Section 103(c)(6)(D) and (E) of the Internal Revenue Code of 1954 which might cause interest on the Series A Bonds to lose its tax exempt status;

(3) Lessee covenants and agrees that within 60 days following (i) April 1, 1972 and (ii) the first day of each April thereafter to and including April 1, 1974, the Lessee will furnish to the Trustee a certificate of an Authorized Representative of Lessee, stating that during the period beginning April 1, 1968 to such April 1 (or, in the case of the April 1, 1974 certificate, to the 3rd anniversary of the date of the delivery of the Bonds), capital expenditures (including the \$2,700,000 principal amount of the Series A Bonds) in excess of the greater of (a) \$5,000,000, or (b) the capital expenditures limitation prescribed by said Section 103(c)(6)(D) if hereafter amended so as to increase the limitation, have not been paid or incurred with respect to "facilities" described in Section 103(c)(6)(E) of the Internal Revenue Code of 1954, in Greenville County, South Carolina, of which the Lessee or a related