

erty which shall become and be subject to the lien of this Indenture, and any balance of the proceeds of any such sale or other disposition (including any obligations, contracts or other securities for deferred installments of the purchase price) which shall not be so applied by the Company within such period of one year shall be paid, assigned and transferred by the Company to the Trustee to be thereafter applied by the Trustee for some one or more of the purposes and in the manner hereinafter in subdivision (2) and in clause (a) and/or clause (b) of Section 9 of this Article provided with respect to the moneys in said sub-division (2) referred to.

Section 5. No real estate, stocks or bonds or other obligations or other property, taken by the Company in satisfaction of any debt or upon the enforcement of any security given for the payment of any debt, shall be or be deemed to be subject to the lien of this Indenture; and the Company may sell or dispose of any such property so received by it, free from the lien hereof. However, at the request of the Company, in order to remove any objection to the title to such property by any purchaser thereof from the Company, the Trustee shall execute a release of any right, title or interest of the Trustee in and to such property, upon the delivery to the Trustee of a certificate of the Company, signed by its President or one of its Vice-Presidents and by the Treasurer or an Assistant Treasurer or by the Comptroller or Auditor of the Company, setting forth the facts entitling the Company to sell or otherwise dispose of the same under this Section, which certificate the Trustee may accept as conclusive evidence of the matters therein stated.

Section 6. Unless an event of default as defined in Section 2 of Article Seven hereof shall have happened and shall be continuing, but subject to the restrictions hereinafter in this Article contained, the Company may sell or exchange and the Trustee shall thereupon release from the lien hereof

(1) all the shares of stock and bonds or other obligations of and claims against and the whole of the Company's interest in any subsidiary company, but not less than all such shares of stock and bonds or other obligations and claims and the whole of such interest;

(2) any shares of stock or any bonds or other obligations of or any claims against any corporation other than a subsidiary company; and/or

(3) any property other than shares of stock and/or bonds or other obligations or claims;

Provided, (a) in every case of a sale or exchange of all the shares of stock and bonds or other obligations of and claims against any subsidiary company, as an entirety, it shall no longer be necessary or advantageous for the Company to retain such shares of stock and bonds or other obligations of and claims against such subsidiary company or to retain the property owned by such subsidiary company for the operation, maintenance and use of the Company's business or the business of any subsidiary company; (b) in every case of the sale or exchange of the shares of stock and/or bonds or other obligations of any corporation, other than a subsidiary company, or of any other property subject to the lien hereof, it shall no longer be necessary or advantageous for the Company to retain the same; (c) in every case, the Company shall receive and pay or mortgage to or pledge with the Trustee hereunder, upon such sale or exchange, a consideration in money, shares of stock and/or bonds or other obligations (including any obligations, contracts or other securities for any deferred installments of the purchase price) or other property of an amount and/or value at least equal to the value of the shares of stock and/or bonds or other obligations and claims of or of the other property so sold or exchanged; (d) in case of the exchange of all the shares of stock and bonds or other obligations of and claims against The Southern Cotton Oil Company, as an entirety, for shares of stock and/or bonds or other obligations of any corporation, such corporation shall, upon such exchange, become and be either a controlled company or a subsidiary company; and (e) in case of the exchange of all the shares of stock and bonds or other obligations of and claims against, and the whole of the Company's interest in any subsidiary company, for shares of stock and/or bonds and other obligations of any corporation, which upon such exchange, shall become and be a subsidiary company, that the properties of any such corporation shall not be subject to any mortgage or lien of record (other than purchase money mortgages and mortgages existing on property at the time of the acquisition thereof and refundings and renewals of such mortgages).

Section 7. Before the Trustee shall release any shares of stock and/or bonds or other obligations or claims or other property under the provisions of Section 6 of this Article, there shall be delivered to the Trustee

(1) In every case, a copy of a resolution of the Board of Directors of the Company, certified by the Secretary or an Assistant Secretary of the Company under its corporate seal to have been adopted on a date not more than sixty days prior to the delivery thereof and to be still in force, requesting the Trustee to release specified property under said Section 6 and setting forth the determination of such Board of Directors that it is no longer necessary or advantageous for the Company to retain the shares of stock and/or bonds or other obligations or claims or other property sought to be released from the lien hereof and, in case the property to be released consists of all the shares of stock and/or bonds or other obligations of and claims against a subsidiary company, that it is no longer necessary or advantageous for the Company to retain the property owned by such subsidiary company for the operation, maintenance and use of the Company's business or the business of any subsidiary company.

(2) In every case, a certificate or certificates of the Company, signed by the President or one of the Vice-Presidents and by the Treasurer or an Assistant Treasurer or by the Comptroller or Auditor of the Company under its corporate seal, setting forth (a) a description of the property to be released; (b) in the case of a sale, that the Company has contracted to sell such property, the consideration received or to be received therefor, and that such consideration is at least equal to the fair value of such property; or in the case of an exchange, that the company has contracted to exchange such property and a brief description of the property to be received in exchange therefor; (c) if the property to be received in exchange consists of shares of stock and/or bonds or other obligations of any corporation, whether or not such corporation will upon such exchange become and be a controlled company or a subsidiary company; that such shares of stock and/or bonds or other obligations are free and clear of liens and charges and that the value thereof is at least equal to the fair value of the property to be given in exchange therefor; that the properties of such corporation are of a character for the acquisition whereof directly by the Company Bonds might be authenticated and delivered under sub-divisions (1), (2) and/or (3) of Section 2 of Article Two hereof; in the case of a corporation which upon such exchange will become and be a subsidiary company, that the properties of such corporation are not subject to any mortgage or lien of record (other than purchase money mortgages and mortgages existing on properties at the time of the acquisition thereof and refundings or renewals of such mortgages) and in the case of any other corporation whether the properties of such corporation are subject to any mortgage or lien of record or are known to be subject to any mortgage or lien not of record, in each instance specifying the amount of and character of the indebtedness secured by such mortgage or lien and that the aggregate of all mortgages and liens on the properties of such corporation, prior or senior to the shares of stock and/or bonds or other obligations of such corporation, to be received in exchange, does not exceed forty per cent. of the fair value of the admissible property of such corporation; in case such shares of stock and/or bonds or other obligations are to be received in exchange for all the shares of stock and bonds or other obligations of and claims against The Southern Cotton Oil Company, as an entirety, that such corporation will upon such exchange become and be either a controlled company or a subsidiary company; (d) if the property to be received in exchange consists of property other than shares of stock and/or bonds or other obligations of any corporation, that such property is or will be necessary or advantageous for the business of the Company; whether such property is subject to any mortgage or lien of record or is known or believed to be subject to any mortgage or lien not of record, in each case specifying the character and amount of any indebtedness secured by such mortgage or lien; and that such mortgage or lien, if any, is permitted by the terms of this Indenture, and that such property to be received in exchange is of a fair value after deducting all liens thereon prior to the lien hereof (the aggregate of which prior liens shall in no event exceed eighty per cent. of the fair value of such property, before deducting the amount of such prior liens) at least equal to the fair value of that to be given in exchange.

(3) In every case of a sale or exchange of property for a consideration or of a fair value in excess of fifty thousand dollars, a certificate of an expert satisfactory to the Trustee (who may be an employee of the Company) appraising

the fair value of the property to be sold or exchanged and the fair value of the property to be received in exchange therefor.

(4) In every case of a sale, the proceeds of such sale (including any obligations, contracts or other securities for deferred installments of the purchase price, accompanied by appropriate instruments of assignment thereof to the Trustee) and, in every case of an exchange, all cash and all such instruments of conveyance, assignment, further assurance or otherwise and such evidence of the filing or recordation thereof as may be necessary or appropriate effectually to subject to the lien of this Indenture any property so received upon such exchange, subject only to any prior liens permitted by the terms of this Indenture.

(5) In every case of an exchange, evidence deemed by the Trustee to be sufficient, of the execution and delivery to the Company of all instruments necessary to vest in the Company title to the property received or to be received in exchange.

(6) In every case of an exchange, an opinion of counsel satisfactory to the Trustee (who may be counsel for the Company) that the instruments called for by sub-divisions (4) or (5) of this Section are sufficient for the purposes therein mentioned or that no such instrument is necessary for any such purpose.

Section 8. The Trustee shall release from the lien of this Indenture any bonds or other obligations which shall at any time be pledged hereunder, in case such bonds or other obligations are lawfully called for redemption or are otherwise paid, upon receipt of the principal amount thereof and any sum payable in addition thereto upon any redemption of the bonds so redeemed or paid.

Section 9. All cash proceeds of sales or other dispositions of property, made as permitted by the terms of Section 6 of this Article, all cash received as compensation for any part of the trust estate taken by the exercise of the power of eminent domain, and all cash received upon the redemption or payment of bonds or other obligations redeemed or paid, as permitted by Section 8 hereof, unless and until some one or more of the events of default specified in Section 2 of Article Seven hereof shall have happened and shall be continuing, shall be applied and paid out by the Trustee, at the election of the Company and upon its request, evidenced by a copy of a resolution of its Board of Directors, certified by its Secretary or an Assistant Secretary under its corporate seal to have been adopted on a date not more than sixty days prior to the delivery thereof to the Trustee and to be still in force, as follows:

(1) The cash proceeds of sales or other dispositions of shares of stock and/or bonds or other obligations of or claims against a corporation (whether a subsidiary company or other corporation) and all cash received upon the redemption or payment of bonds or other obligations redeemed or paid shall be applied and paid out to reimburse expenditures made, after the date of this Indenture and not more than five years prior to the adoption by the Board of Directors of the resolution requesting such payment, for any of the purposes specified in Section 2 of Article Two hereof.

(2) The cash proceeds of sales or other dispositions of any property, other than shares of stock and/or bonds or other obligations of or claims against a corporation, and all cash received as compensation for any part of the trust estate taken by the exercise of the power of eminent domain shall be applied and paid out to reimburse expenditures made by the Company after the date of this Indenture and not more than five years prior to the adoption by the Board of Directors of the resolution requesting such payment, for the acquisition by it of property of the character set forth in sub-divisions (1), (2) and/or (3) of Section 2 of Article Two hereof.

All such cash applied and paid out as provided in sub-divisions (1) and (2) of this Section, shall be so applied and paid out at the rate of \$100 of such cash for every \$100 of such expenditures but subject otherwise to the limitations and restrictions set forth in Section 4 of Article Two hereof.

However, all or any part of the cash mentioned in this Section, in lieu of being applied and paid out as in sub-divisions (1) and (2) of this Section provided, shall, at any time and from time to time, at the election of the Company and upon its request, evidenced by a copy of a resolution of its Board of Directors, certified by its Secretary or an Assistant Secretary under its corporate seal to have been adopted on a date not more than sixty days prior to the delivery thereof to the Trustee and to be still in force, either

(a) be applied, to the amount specified in such request, to the purchase by the Trustee of the Bonds of any series, at the lowest price or prices at which they shall be obtainable, not exceeding the current redemption price fixed in respect thereof; and such application may be made with or without advertisement for tenders, as the Company may request; and all Bonds so purchased shall forthwith be cancelled and no Bonds shall be issued in place thereof; or

(b) be paid into the sinking fund provided in respect of the Bonds of any series, but any cash so paid into any such sinking fund shall not be credited upon the Company's obligation in respect of such sinking fund.

Section 10. The resolutions, certificates, opinions and other documents required to be delivered to the Trustee as conditions precedent to the release of any part of the trust estate or the payment of any cash under any of the provisions of this Article may be received by the Trustee as conclusive evidence of any fact or facts therein stated and the Trustee shall be fully protected in relying upon the statements therein contained for its action or non-action on the faith thereof.

Section 11. The powers in and by this Article conferred upon the Company may be exercised by it only while in the possession of the mortgaged premises and not in default hereunder, but in case the Trustee or a receiver or receivers lawfully appointed shall at any time be in possession of the mortgaged premises, such powers may be exercised by the Trustee in possession or by the receiver or receivers in possession.

In no event shall any purchaser or purchasers of any property sold or disposed of under any of the provisions of this Article be required to see to the application of the purchase money. Any release of any such property executed by the Trustee shall be conclusive evidence to every purchaser in good faith of full compliance with all the conditions precedent to such release required by this Indenture and shall be full protection to the purchaser, his heirs or assigns.

Section 12. In case any of the events of default specified in Section 2 of Article Seven hereof shall have happened and shall be continuing, the right of the Company to obtain payments out of cash held under the provisions of this Article shall forthwith cease and the Trustee shall not thereafter pay out to or upon the order of the Company any of such cash, provided that, if (a) prior to the declaration of the maturity of the principal of the Bonds, as provided in Section 2 of Article Seven hereof, such default shall have been remedied to the satisfaction of the Trustee or (b) such default shall have been remedied and its consequences waived as provided in Section 2 of said Article Seven, the right of the Company to obtain payments of cash under this Article shall forthwith revive and continue as before such default occurred. The Trustee shall not be chargeable with knowledge of any event of default for the purposes of this Section, unless it shall have received written notice thereof.

ARTICLE NINE.

Consolidation, Merger and Sale.

Section 1. Nothing in this Indenture shall prevent the consolidation with the Company or the merger into the Company of any other corporation or prevent any merger of the Company into any other corporation or prevent the sale by the Company of its property as an entirety or substantially as an entirety upon the terms hereinafter set forth; provided that any such consolidation or merger or sale shall be on such terms as not to impair the lien and security of this Indenture upon any part of the trust estate or any of the rights and powers of the Trustee or of the holders of the Bonds and that any successor corporation formed by such consolidation or the corporation into which the Company shall be merged, shall, as a condition of such consolidation or merger, expressly assume the due and punctual payment of all the Bonds and the interest thereon and the observance and performance of all the covenants and conditions of the Bond and of this Indenture; and provided further that, as a consideration of any such sale of the property of the Company as an entirety or substantially as an entirety, the corporation to which such property shall be sold shall assume the due and punctual payment of all the Bonds and the interest thereon and the observance and performance of all the covenants and conditions of the Bonds and of this Indenture and shall, simultaneously with the delivery to it of conveyances effectuating such sale, execute and deliver to the Trustee a proper indenture, in form satisfactory to the Trustee, whereby such purchasing corporation shall so assume the due and punctual payment of all the Bonds and the interest thereon and the observance and performance of all the covenants and conditions of the Bonds and of this Indenture.