

and clear of any mortgage, lien, charge or encumbrance, except taxes for the current year and except as otherwise herein stated, authorized or permitted, and that it will warrant and defend the title thereto against all claims and demands whatsoever.

That this Mortgage and all instruments supplemental hereto always will be kept a valid lien upon the premises and property described or mentioned in the granting clauses hereof, and upon renewals and replacements thereof, and also upon all other or after-acquired property which may become subject to the lien hereof.

#### Section 2. *Covenant to Convey Certain Properties.*

That at the time of the execution and delivery of this Mortgage the Columbia Railway, Gas & Electric Company will be the owner of all of the outstanding common stock of The Parr Shoals Power Company and of all of the outstanding common stock of the Public Service Company of South Carolina, and that the latter company will at that time be the owner of all of the outstanding common stock of the Columbia Gas Light Company, and that, so soon as and to the extent that it may legally do so, the Company will cause to be conveyed to itself or to the Columbia Railway, Gas & Electric Company all of the property, franchises, rights and privileges of The Parr Shoals Power Company and of the Columbia Gas Light Company and also that, to the extent that it may legally do so, it will cause to be conveyed to itself all of the property, franchises, rights and privileges of the Columbia Railway, Gas & Electric Company excepting, at the option of the Company, the street railway property of the Columbia Railway, Gas & Electric Company. Nothing in this covenant contained shall make it obligatory upon the Company to convey or cause to be conveyed to the Columbia Railway, Gas & Electric Company or to itself either the stocks or the properties of the Saluda Manufacturing Company, Central Carolina Power Company or the South Carolina Power Company. The properties, franchises, rights and privileges conveyed as provided in this Section 2 at the time of such conveyance may be subject to some or all of the following mortgages:

1. Mortgage of the Columbia Railway, Gas & Electric Company to Knickerbocker Trust Company, as Trustee, under which the Irving Bank-Columbia Trust Company is now trustee, dated July 1, 1911, authorizing an issue of Seven million, five hundred thousand (7,500,000) Dollars principal amount of First Mortgage Five Per Cent. Sinking Fund Gold Bonds, due July 1, 1936.

2. Mortgage of the Board of Trustees of the Columbia Canal to Wilie Jones, George K. Wright and J. Q. Marshall, of Columbia, South Carolina, as Trustees, authorizing an issue of Two hundred thousand (200,000) Dollars principal amount of First Mortgage Six Per Cent. Bonds, due January 1, 1926.

3. Mortgage of The Parr Shoals Power Company to Columbia-Knickerbocker Trust Company, as Trustee, under which the Irving Bank-Columbia Trust Company is now Trustee, dated August 1, 1912, authorizing an issue of Three million (3,000,000) Dollars principal amount of First Mortgage Five Per Cent. Sinking Fund Gold Bonds due April 1, 1952.

4. Mortgage of the Columbia Gas Light Company to The New York Trust Company, as Trustee, dated July 1, 1906, authorizing an issue of Three hundred thousand (300,000) Dollars principal amount of Thirty Year Five Per Cent. Gold Coupon Bonds due July 1, 1936; or, in the alternative, a new first mortgage to be executed by the Columbia Gas Light Company to secure an issue of bonds, unlimited in amount, for the purpose, among other things, of paying off the bonds of the Columbia Gas Light Company issued and outstanding under the mortgage above referred to in this paragraph.

5. Mortgage of the Company to Guaranty Trust Company of New York, as Trustee, dated September 1, 1924, known and herein referred to as the First and Refunding Mortgage of the Company.

The conveyance and transfer to the Company and the mortgage and pledge hereunder of the aforesaid properties shall in every respect be subject to the lien and existence of the mortgages above set forth as to the property thereby covered and also subject to all the rights of the holders of any of the bonds issued and to be issued now or hereafter under any of said mortgages, and to the rights of the respective companies and the respective trustees as therein more particularly set forth, and to the obligations therein contained.

The Company specifically reserves the right to issue or cause to be issued such additional bonds as it may desire under the provisions of and in accordance with the terms of any of the aforesaid mortgages, and the right that said First and Refunding Mortgage of the Company may, at any time after the recording thereof, be modified with the consent of the holders of all the bonds at that time outstanding thereunder, and covenants and agrees that such mortgage as so modified shall be in all respects superior and prior to the lien of this Mortgage and that this Mortgage and the bonds issued hereunder and the rights of the holders thereof shall be in all respects subject and subordinate to said First and Refunding Mortgage of the Company as originally executed and recorded and as subsequently modified and recorded, and to the rights of the Company thereunder and of the holders of the bonds issued thereunder, whether issued or paid for prior or subsequent to the date hereof.

The Company further covenants that in case of any such conveyance, either to the Company or to Columbia Railway, Gas & Electric Company, it will itself execute and cause the company making such conveyance to execute all such deeds of conveyance and other instruments as shall properly provide for the protection of the bonds issued hereunder, and will, if necessary, provide for the maintenance of the corporate existence of such company so conveying its property to the end that all obligations imposed upon such company, either by reason of the terms and provisions of any mortgage or the terms of any franchise, may be carried out and complied with by it.

#### Section 3. *Covenant to Pay Principal and Interest.*

That it will promptly pay the principal of and the interest upon the bonds issued hereunder and secured hereby at the time and place and in the manner specified in said bonds and in the coupons thereto annexed and, except as permitted by Section 3 of Article Sixth of this Mortgage, of any bonds or other obligations issued under and secured by any Mortgage prior to the lien hereof, and will not suffer or permit any default to occur under this Mortgage, or under any of the mortgages described in Section 2 of this Article, or any mortgage prior to the lien hereof, but will faithfully observe and perform all the conditions, covenants and requirements hereof and thereof.

#### Section 4. *Covenant to Pay Taxes and Assessments.*

That it will, from time to time, pay and discharge all taxes, assessments, imposts and governmental charges, lawfully imposed upon it and upon any of the real property, plants, franchises and all other property at any time subject to the lien of this Mortgage, and upon the income or profits thereof, and any interest therein, when the same shall become lawfully due and payable, so that the lien and priority of this Mortgage shall be fully preserved in respect of all property covered hereby; provided, however, that nothing contained in this Section shall require the Company to pay any such tax, assessment, impost or charge so long as the Company shall, in good faith and by appropriate legal proceedings, contest the validity thereof, or of such tax, assessment, impost or charge being a charge on the property covered by this Mortgage, and so long as such delay in payment shall not subject the mortgaged and pledged property to forfeiture or sale. If the Company shall fail to keep this covenant, the Trustee, without prejudice to any of its other rights resulting from such default, may, and upon request of the holders of any one or more of the bonds secured hereby and upon being provided with adequate funds for that purpose shall, pay such tax, assessment, impost or charge. All amounts so paid, with interest thereon at six (6) per centum per annum, shall be a lien upon the property hereby mortgaged and pledged, prior to the lien of the bonds secured hereby, but no such payment shall be deemed to relieve the Company from any default hereunder.

#### Section 5. *Covenant Against Extension of Coupons.*

That in order to prevent any accumulation of coupons the Company expressly covenants that it will not directly or indirectly extend or assent to the extension of the time for the payment of any coupons on any of the bonds issued hereunder and the Company will not directly or indirectly be a party to or approve of any such arrangement by purchasing or funding said coupons or in any other manner. Any coupon on any bond which shall have been extended in contravention of the provisions of this Section shall not be entitled, in case of a default hereunder, to any benefits of or from this Mortgage, except after the prior payment in full of the principal of all the bonds and of all the coupons not so extended.

#### Section 6. *Covenant to Maintain Office or Agency.*

That it will at all times, until the payment of all the bonds issued hereunder, keep or cause to be kept an office or agency in the Borough of Manhattan, City of New York, State of New York, where notices and demands in respect of the bonds and coupons or under this Mortgage may be served or made and will give written notice to the Trustee of the location thereof. In default of such written notice, presentation and demand may be made and notice served at the principal office of the Trustee in the City of New York, State of New York, and in that event the Trustee shall be deemed and be the representative of the Company for such purpose, but the Trustee shall be under no duty or obligation with respect to any such notice, presentation or demand.

#### Section 7. *Covenant of Further Assurance.*

That all property of every kind comprehended in any manner in the granting clauses of this Mortgage, immediately upon the acquisition thereof by the Company and without any further conveyance or assignment, shall become and be subject to the lien of this Mortgage as fully and