

the order of such holder, at the expense of the Company, a new Bond payable to such holder for the principal amount of such Bond remaining unpaid; or

(b) the Trustee shall make notation thereon of the payment of the portion of the principal of such Bond so called for prepayment.

Regular Installment Payments of principal and interest due on the date of any partial prepayment of Bonds, if received when due, shall be deemed paid prior to such partial prepayment.

SECTION 5.11. Right of Substitution.

(a) If an event or condition described in paragraphs 15(b), 16(b) or Section 17 of a Lease shall have occurred and all notices and actions required of Lessee thereunder shall have been given or taken by Lessee then, in lieu of exercising its rights of prepayment described in paragraphs 5.9(a), (b) or (c) of this Indenture, and subject to compliance with the conditions set forth in each paragraph of this sub-section 5.11, the Company may substitute another property (the "Substituted Property") for the Property covered by such Lease. Any Substituted Property shall, at the time it is proposed be substituted, (i) be operated as a Krystal Restaurant, (ii) be located in either Georgia, Alabama, Tennessee, Mississippi, South Carolina or Florida, (iii) have a remaining useful life to the Company and the Lessee at least equal to the remaining term of the Bonds, (iv) have a Property Cost (determined in accordance with Section 3 of the Bond Agreements) at least equal to the then outstanding principal balance of the Bonds allocable to the Property for which such Substituted Property is proposed to serve as a replacement, and (v) have been approved in writing by the holders of 66 2/3% of the aggregate principal amount of Bonds then outstanding (which approval shall not be unreasonably withheld) within 30 days following their receipt of written notice from the Company, which notice shall contain evidence, satisfactory in form and substance to the holders of 66 2/3% of the aggregate principal amount of Bonds then outstanding, that the conditions set forth in Clauses (i), (ii), (iii), and (iv) have been met with respect to the proposed substitution.

(b) The Substituted Property shall be covered by a lease duly authorized, executed and delivered by the Company as lessor, and Krystal, as lessee, (the "Lease"), in

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