

machine shops, buildings and structures of every sort with all other property or property in the nature of realty which may now be or hereafter become part of, connected with or appurtenant to said lines of railroad of the Carolina Company, or which may be used in connection therewith. (d) All locomotives, engines, cars, carriages, tools, machinery, rolling stock and equipment, for whatever form of motive power provided, and all other personal property or property in the nature of personality, now owned or at any time hereafter acquired and provided for or used in connection with the said lines of railroad of the Carolina Company. (e) All property, franchises, rights, powers, privileges and immunities to construct and operate a railroad and exercise the right of eminent domain, whether the same be now owned or possessed or shall at any time hereafter be acquired by the Carolina Company. (f) All reversion or reversions, remainder or remainders, tolls, incomes, issues and profits, arising out of or to be derived from the above described premises and property, and all claims and demands whatever as well at law as in equity of the Carolina Company, of, in and to the same and every part and parcel thereof, accruing on and after the first day of July, 1902,

TO HAVE AND TO HOLD the said lines of railroad, property and franchises and their appurtenances unto the Southern Company, its successors and assigns, for the full term of nine hundred and ninety-nine (999) years beginning on the first day of July, in the year one thousand nine hundred and two (1902), and thence next ensuing, but upon condition of the Southern Company YIELDING AND PAYING unto the Carolina Company or upon its order, as hereinafter set forth, the rents and sums of money hereinafter reserved to be paid, and faithfully complying with each and every its covenants in this indenture contained.

AND the SOUTHERN COMPANY, hereby covenants and agrees with the Carolina Company:

1. That at all times hereafter during which the Southern Company shall be in possession of and shall operate the lines of railroad of the Carolina Company, the Southern Company will appropriate and apply the whole of the receipts, income and revenues derived and received from the use and operation of said demised lines of railroad to the purposes and in the manner following, that is to say: (a) To the payment of, or proper provision for, the cost and expenses of, and losses accruing from, efficiently operation, maintaining, repairing, renewing, perpetuating and reasonably improving during the said demised term, the said lines of railway, tracks, superstructure, equipment, and real and personal property hereby demised and authorized to be acquired, and of using, controlling, managing and operating the same, or otherwise incurred under any of the provisions of this indenture including reasonable and just compensation for the use of rolling stock and equipment not owned or held under the provision of this indenture, and the cost of new rolling stock, equipment, side-tracks, stations, depots, offices, real or personal property and betterments that the Southern Company, its successors and assigns, may from time to time find it necessary for the best interests of the property to procure or provide, and also to the payment of all sums, amounts, charges, claims and demands which now are or hereafter may be, come justly demandable from or payable by the Carolina Company, by reason of any deficiencies resulting from payments or advances made by the Southern Company for or on account of any of the above recited purposes or by reason of any claim, liability, agreement, judgment, settlement, transaction or matter growing out of the management, use, control and operation of the said demised lines of railway

and property previous to the date hereof, and of premiums for insurance, and all taxes, rates, charges, levies and assessments, ordinary and extraordinary, which now are or may at any time during the said demised term be by the United States or any State or municipality thereof by competent and lawful authority charged, rated, levied, assessed or imposed on all or any part of the said demised lines of railroad, premises, property or franchises, or on the traffic thereon. (b) To the payment of the necessary expenses of maintaining the corporate organization of the Carolina Company, it being hereby covenanted and agreed that the Southern Company shall fully maintain said organization at all times during the said demised term.

(c) To the payment of the interest as the same shall from time to time become due and payable on the funded debt of the Carolina Company, it being understood that such funded debt as now constituted is represented by the following described bonds, viz:

Spartanburg, Union and Columbia Railroad Company. First Mortgage Bonds, due January 1, 1995---\$1,000,000 with interest payable thereon at the rate of four per centum per annum, semi-annually, on the first days of January and July in each year.

SOUTH CAROLINA AND GEORGIA RAILROAD COMPANY. First Mortgage Bonds, due May 1, 1919---\$5,250,000 with interest payable thereon at the rate of five per centum per annum, semi-annually, on the first days of May and November in each year.

BLACKVILLE, ALSTON AND NEWBERRY TAILROAD COMPANY. FIRST Mortgage Bonds, due February 15, 1908. \$9,500 with interest payable thereon at the rate of six per centum per annum, semi-annually, on the fifteenth days of February and August in each year.

SOUTHERN RAILWAY--CAROLINA DIVISION. General Mortgage Bonds, due July 1, 1952---\$ 5,000,000 with interest payable thereon at the rate of four per centum per annum, semi-annually, on the first days of January and July in each year.

Total outstanding funded debt--- \$11,259, 500 it being understood, however, that the Carolina Company has made provision in and by its General Mortgage dated June 28, 1902, whereof the New York Security and Trust Company is Trustee for the issue of its General Mortgage Four Per Cent Fifty-Year Gold Bonds, in addition to the \$5,000,000 thereof enumerated above, in the sum of \$13,000,000, such additional bonds being by said General Mortgage reserved to be issued from time to time for the following purposes, viz: For refunding of said above enumerated bonds of the Spartanburg, Union and Columbia Railroad Company, the South Carolina and Georgia Railroad Company and the Blackville, Alston and Newberry Railroad Company--- \$6,200,000.

For the construction or acquisition of, additions to or betterments upon the lines and property of Carolina Company--- \$2,740,000. For the construction or acquisition of a North-western extension of the lines of the Carolina Company into and through the States of South Carolina, North-Carolina, Virginia, Tennessee and Kentucky---\$4,000,000, it being hereby covenanted and agreed, however, that the Carolina Company shall and will not issue any of such additional bonds other than those reserved as aforesaid to refund prior lien bonds, and so increase the fixed charges upon the property of the Carolina Company incident to interest except as and when requested so to do by the Southern Company; but that the Carolina Company shall and will so issue said bonds for the purposes and within the limitations of the provisions of said General Mortgage when and as the Southern Company shall request it so to do; and that any and all new and additional property and lines of railroad constructed or acquired by the Carolina Company by the use of its said General Mortgage bonds shall forthwith, upon the construction or acquisition thereof, become and be part of the leasehold estate, and be covered by the operation of this