

Section 9. *Right of Company to Treat Holder as Absolute Owner.*

The Company and the Trustee may treat the bearer or, if the bond be registered as to principal, the registered holder of any bond hereby secured and the bearer of any coupon as the absolute owner of such bond or coupon for the purpose of receiving payment therefor and for all other purposes whatsoever, whether such bond or coupon be overdue or not, and neither the Company nor the Trustee shall be affected by any notice to the contrary. The Company shall indemnify and save the Trustee harmless against any loss, costs, charges, expenses, or liability incurred by it in so treating any such bearer.

ARTICLE SECOND.

*Issue of Bonds.*

Section 1. *Limitation and Denomination of Bonds.*

The amount of bonds that may be issued hereunder is limited in aggregate principal amount to One million, five hundred thousand (1,500,000) Dollars and such bonds shall be in the denominations of One thousand (1,000) Dollars, Five hundred (500) Dollars and One hundred (100) Dollars each. Bonds for One thousand (1,000) Dollars shall be numbered M-1 and consecutively upwards. Bonds for Five hundred (500) Dollars shall be numbered D-1 and consecutively upwards. Bonds for One hundred (100) Dollars shall be numbered C-1 and consecutively upwards.

Section 2. *Bonds to be Issued.*

Bonds of the aggregate principal amount of One million, five hundred thousand (1,500,000) Dollars shall forthwith, upon the execution hereof, be executed by the Company and authenticated by the Trustee and delivered, upon the receipt of the proceeds thereof, exclusive of accrued interest, upon the receipt of the securities and cash referred to in paragraphs (c) (d) and (e) of the granting clauses hereof, to or upon the written order of the Company, signed by its President or a Vice-President, without any further action by the Company and without awaiting the filing or recording hereof. The Trustee may rely conclusively upon a certificate of the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company as to the amount of the proceeds of the bonds referred to in this Section.

Section 3. *Disposition of Proceeds.*

The proceeds, exclusive of accrued interest, of the One million, five hundred thousand (1,500,000) Dollars principal amount of bonds referred to in Section 2 preceding, shall be paid over by the Trustee to the Company, without awaiting the filing or recording hereof, in reimbursement to the Company to the extent of not exceeding one hundred (100) per centum of expenditures made or liabilities incurred subsequent to July 1, 1924, on account of the following:

- (A) Construction of a new power station on Broad River, South Carolina, or the transmission or distribution system connected therewith;
- (B) Additions, extensions, improvements and betterments to the property of the Company;
- (C) Acquisition of one or more additional plants or systems,

upon receipt by the Trustee of:

1. A certificate by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company setting forth in reasonable detail:

(a) That subsequent to July 1, 1924, the Company has done certain construction work or acquired certain property of the character described in (A), (B) or (C) above and the expenditures made or liabilities incurred on account thereof;

(b) That no part of such expenditures made or liabilities incurred has previously been made the basis for the withdrawal of any cash under any provision of this Mortgage;

(c) If the certificate is for the purpose of reimbursing the Company for expenditures made or liabilities incurred in connection with the acquisition of one or more additional plants or systems as permitted by (C) above, it shall also state that the total of the amount then requested to be withdrawn, together with any previous certifications or withdrawals for the same purpose, does not exceed the sum of Five hundred thousand (500,000) Dollars.

2. A certificate of an engineer satisfactory to the Trustee, who may be an engineer of the Company, setting forth:

(a) That he has examined the work or property described in the certificate referred to in subdivision 1 of this Section;

(b) That the Expenditures made or liabilities incurred by the Company on account thereof represent the cost to the Company of such work or property;

(c) In the case of (A) or (B), that the work or property constitutes part of the new power station of the Company situated on Broad River, South Carolina, or part of the transmission or distribution system of the Company connected therewith or additions, extensions, improvements and betterments to the property of the Company;

(d) In the case of (C), that such additional plant or system is so situated that it can be tied into the plant or system of the Company by transmission lines and that it will constitute a part of the plant and system of the Company.

3. An opinion of counsel satisfactory to the Trustee, who may be counsel to the Company, stating that the Company has, or, upon the recording of an instrument of conveyance thereof will have, good title to the property described in the certificate referred to in subdivision 1 of this Section, and that such property is, or then will be, subject to the lien of this Mortgage and free and clear of any prior lien or encumbrance, excepting the lien of the First and Refunding Mortgage of the Company. Taxes for the then current year affecting such property, and mortgages or other liens affecting rights of way for distribution or transmission lines, shall not be considered an encumbrance within the meaning of this Section. The Company shall thereafter, from time to time promptly execute, file or record all such instruments of conveyance as may be necessary to subject such properties to the lien of this Mortgage.

4. A certified copy of a resolution of the Board of Directors of the Company requesting the payment to the Company of a sum equivalent to the expenditures made or liabilities incurred as set forth in the certificate referred to in subdivision 1 of this Section.

Section 4. *Investment of Cash.*

Pending the withdrawal of such funds, the Trustee, whenever directed by the Company, shall invest all or part of the proceeds of the One million, five hundred thousand (1,500,000) Dollars principal amount of bonds, hereinabove referred to, and shall also invest any moneys deposited hereunder in lieu of shares of the common and preferred stock of the Columbia Railway, Gas & Electric Company and of the preferred stock of The Parr Shoals Power Company, in such United States Government securities as shall be designated by the Company and shall, from time to time, as herein directed, sell and dispose of the securities in which said funds are invested, the proceeds thereof to be redeposited with the Trustee. A certified copy of a resolution of the Board of Directors of the Company containing a description of the securities to be purchased or sold and the maximum price to be paid therefor, or the minimum price at which the same are to be sold, shall be sufficient authority to the Trustee to purchase or sell such securities, and the Trustee shall be under no other or further obligation in respect of the purchase or sale thereof. Any loss incurred by any such sale shall forthwith be made good by the Company by the payment to the Trustee of an amount equivalent to such loss, and likewise any profits arising from any such sales, together with any interest allowed or earned on such funds, shall be paid over to or upon the written order of the Company, signed by its President or a Vice-President. The Trustee shall not be responsible for any depreciation in the value of any such securities, or be under any duty to keep informed as to the prices thereof from time to time, or to take any steps to sell the same, unless requested so to do as herein provided.

ARTICLE THIRD.

*Particular Covenants of the Company.*

The Company hereby covenants and agrees:

Section 1. *Covenant of Seizin.*

That it is lawfully seized and possessed of all of the property hereby mortgaged and pledged, that it has good right and lawful authority to mortgage and pledge the same as provided in and by this Mortgage and that this Mortgage is a valid lien thereon, and that said property is free