

with the security hereby created or with the specific provisions of this Indenture and the rights of the Trustee and Bondholders hereunder, the property, rights and privileges of every kind, transferred, assigned or conveyed by this Indenture, and to take and use any and all income, rents, issues and profits thereof.

Section 2. Subsection A. So long as the Trustee shall not have notice that the Company is in default hereunder the Company may, with the approval of the Trustee, cancel, terminate, alter, modify or amend any contracts, agreements, leases, permits or similar rights of the Company covered by this Indenture, whenever the best interests of the Company shall, in the judgment of its board of directors expressed by resolution, a certified copy of which, under the corporate seal of the Company, shall be filed with the Trustee, require such cancellation, termination, alteration, modification or amendment. The Trustee shall not give its approval under the provisions of this subsection until it (a) shall have been advised by counsel (who may be of counsel to the Company), appointed and paid by the Company and approved by the Trustee, to the effect that the interests and security of the Bondholders hereunder will not be diminished or impaired by any such cancellation, termination, alteration, modification or amendment, and (b) shall obtain the certificate of an engineer or other person believed by the Trustee to be competent, who may be in the employ of the Company, selected and paid by the Company and approved by the Trustee, that any such cancellation, termination, alteration, modification, or amendment is advantageous and in no wise depreciates the value of the Trust Property or impairs the substantial efficiency thereof. Any such amended, modified or altered contract, agreement, lease or similar right shall forthwith become bound by and be subject to the terms of this Indenture to the same extent and in the same manner as the contract agreement, lease, permit or similar right previously existing.

Subsection B. The Trustee may, in its discretion, subject to the provisions of sections 7 and 8 of this Article and upon the conditions hereinafter referred to, reconvey to the Company all its right, title and interest in and to any part of the Trust Property, if the Company shall have sold or exchanged, or contracted to sell or exchange, for cash, or for obligations secured by purchase money mortgages on the property released, or for a combination of such considerations the property to be reconveyed and if the same shall not be required or useful for or in connection with the operation of the business of operating the Trust Property.

Before executing or consenting to any reconveyance under this section, the Trustee shall in every case receive:

A. A written application of the president or treasurer of the Company, accompanied by a certified copy of a resolution or vote of the board of directors of the Company authorizing such application.

B. The sworn certificate of the president and the treasurer of the Company stating whether the Company is to the knowledge of the signers in default in the observance or performance of any provision hereof, and stating that in the judgment of such officers the property to be reconveyed (which shall be described in reasonable detail satisfactory to the Trustee) is no longer required or useful for or in connection with the operation of the Trust Property; that the Company has sold or has contracted to sell, for cash, or for obligations secured by purchase money mortgages upon the property to be reconveyed or for a combination of such considerations, the property the reconveyance of which is requested; and that the price which the Company is to receive for the property to be reconveyed (which price and/or obligations secured by purchase money mortgages, as the case may be, shall be stated in such certificate) is a fair price therefor.

C. The sworn certificate of an engineer (who may be in the employ of the Company) appointed and paid by the Company, and approved by the Trustee, stating that he has personally examined such officers' certificate and also, either personally or through a competent assistant, the property described therein and the reconveyance of which is applied for, and that in his judgment all statements contained in such officers' certificate (except statements relating to default) are correct.

D. In full consideration in cash, and/or the purchase money obligations, duly endorsed or assigned to the Trustee, ~~on~~ in blank, or, in lieu of such cash and/or purchase money obligations, a statement of the trustee under the First Indenture of the Company as hereinafter in this Article X contemplated.

E. An opinion of counsel (who may be of counsel to the Company), satisfactory to the Trustee and paid by the Company, to the effect, in the opinion of such counsel, that all necessary action on the part of the Company has been taken in compliance with the provisions hereof and all applicable legal requirements, that any obligations included in the consideration for such release are valid obligations, that any purchase money mortgages securing the same are sufficient to afford a prior lien upon the property to be reconveyed, subject only to the First Indenture of the Company, and that such obligations and mortgages have been, or contemporaneously upon such reconveyance will be, duly assigned and transferred to the Trustee upon the trusts hereof.

The Trustee shall be under no liability or accountability whatever for the collection or enforcement of such obligations or mortgages, and may pay to the Company any interest received thereon so long as it shall not have notice that the Company is in default hereunder. All sums received by the Trustee for property reconveyed by it pursuant to this section shall be held and applied pursuant to the provisions of section 6 of this Article.

So long as the First Indenture of the Company shall be outstanding, the Trustee shall from time to time execute reconveyances in respect of the Trust Property upon exhibit to the Trustee of reconveyance of the same property executed by the trustee under said First Indenture and in lieu of delivering to the Trustee the cash and/or purchase money obligations referred to in paragraph D of subsection B of this Section 2 of Article X, the Company may furnish the statement of the trustee under the First Indenture of the Company that it has received such cash and/or purchase money obligations pursuant to the sale and reconveyance provisions of said First Indenture. The Company hereby irrevocably directs said trustee to deliver to the Trustee hereunder all cash and/or purchase money obligations received by it pursuant to the sales and reconveyances provisions of the First Indenture and held by it at the time of the reconveyance under such First Indenture.

Section 3. The Company, subject to the provisions of Sections 7 and 8 of this Article, may, without the consent of the Trustee, at any time sell or otherwise dispose of, for full value, any part of its machinery, equipment, livestock, tools or implements which may have become obsolete, worn out or unnecessary for the purposes of the Company. The Company covenants in each such event to replace such property substantially contemporaneously with new property of at least equal value, which new property shall forthwith become subject to this Indenture subject only to the First Indenture of the Company, and the Trustee shall execute quit claims of such property if so requested by the purchase thereof; *provided, however,* that the Company shall not, within any period of six (6) consecutive months, sell or dispose of parts of the Trust Property pursuant to this Section exceeding in their aggregate value fifty thousand dollars (\$50,000).

Section 4. In case any of the Trust Property shall be taken by exercise of the power of eminent domain, or in case of any sale or conveyance in lieu and in reasonable anticipation of such taking, the Trustee may quit claim the property so taken or sold, subject to the provisions of Sections 7 and 8 of this Article and upon being furnished with an opinion of counsel (who may be of counsel for the Company), satisfactory to the Trustee and paid by the Company, to the effect that such property has been lawfully taken or sold as aforesaid and, in case of any such sale, upon being furnished also with a resolution or vote of the board of directors of the Company to the effect that such sale was in lieu and in reasonable anticipation of such taking and, in the opinion of said board, was for the best interest of the Company, and also upon the deposit in any such case of the net proceeds of any such sale or taking with the Trustee under the First Indenture of the Company if the same be then unleased, or, if released, to the Trustee hereunder. Such proceeds so received by the Trustee shall be applied in accordance with the provisions of Section 6 of this Article.

Section 5. Subject to the provisions of sections 7 and 8 of this Article, the Trustee may from time to time permit to be made alterations in or additions to any part of the Trust Property when in the judgment of the Trustee (which may be based upon the affidavit of a person appointed and paid by the Company, and approved by the Trustee) such alterations or additions will not impair the security hereof and will not diminish the value of the Trust Property, and upon receiving such, if any, assurance or guaranty as shall be required by the Trustee that such alterations or additions will be promptly and adequately completed and will not diminish the value of the Trust Property. But, subject as aforesaid, the permission of the Trustee shall not be required as a condition to the making by the Company of such alterations in or additions to the Trust Property as shall cost in any one calendar year not more in their aggregate than fifty thousand dollars (\$50,000), and also as shall not be inconsistent with the use of the Trust Property as a unit for the purposes to which it was devoted or designed prior to such alterations or additions and also as shall not impair the security hereof and as shall not diminish the value of the Trust Property.

Section 6. All moneys received by the Trustee from insurance upon or damage to the Trust Property, and all moneys received by the Trustee pursuant to sections 2 and 4 of this Article, to be applied under this section 6, and all other moneys in the hands of the Trustee hereunder the disposition of which is not herein otherwise provided for, shall be held by the Trustee, subject to the provisions of subsection B of section 1 of Article VII hereof, as security for the payment of the Bonds.

Section 7. The matters required by any of the provisions of this Article to be dealt with by any vote, resolution, certificate, report or opinion may be covered by two or more votes, resolutions, certificates, reports or opinions, as the case may be, which shall be considered together, and the same

officer or officers of the Company or the same engineer, counsel, or other person or persons, as the case may be, need not certify to all the matters required to be certified by such person or persons under the provisions hereof.

All votes and/or resolutions specified in this Article shall be passed and/or adopted and delivered to the Trustee, and all certificates, reports and opinions specified in this Article shall be executed and delivered to the Trustee, in each case within ninety (90) days of the date of filing, as herein provided, with the Trustee, of any application provided for in this Article; and such votes, resolutions, certificates, reports and opinions shall each refer to this Indenture and shall recite that all statements made therein are true with reference to all pertinent definitions and uses of terms herein.

Section 8. The Company shall not have the right to exercise any of the privileges in this Article set forth during the continuance of any default or event of default hereunder (whether during or after the periods of grace specified in section 1 of Article V hereof) except with the written consent of the Trustee, which may give or withhold such consent from time to time in its uncontrolled discretion.

In case the Trust Property shall be in the possession of a receiver lawfully appointed, all acts which, under the foregoing provisions of this Article, the Company may do in order to make alterations or to obtain a quit claim of any part of the Trust Property, may be done by such receiver with the consent of the Trustee, which may give or withhold such consent from time to time in its uncontrolled discretion. In case the Trustee shall be in possession of the Trust Property under any of the provisions of this Indenture, such acts may be done by the Trustee in its uncontrolled discretion.

No purchaser in good faith of property purporting to be quitclaimed under any of the provisions of this Article shall be bound to ascertain the authority of the Trustee to execute the quitclaim or to inquire as to any facts required by the provisions hereof for the exercise of such authority, or to see to the application of any purchase money.

Before taking any action pursuant to any of the provisions of this Article, the Trustee in its discretion may cause to be made such independent investigation, or secure such further evidence, as it may see fit. The expenses thereof shall be borne by the Company and, if paid by the Trustee, shall be repaid by the Company upon demand. The Trustee shall in no case be bound to make such investigation or secure such evidence unless specifically requested in writing in any particular case by holders of not less than fifteen per cent. (15%) in principal amount of all Bonds at the time outstanding hereunder and furnished with security and indemnity satisfactory to the Trustee.

ARTICLE XI.

Supplemental Indentures.

Section 1. The Company and the Trustee, from time to time and at any time, may enter into an indenture or indentures supplemental hereto, each of which shall hereafter form a part hereof, for any one or more of the following purposes:

(1) to correct or amplify the description of any property hereby assigned, transferred or conveyed, or intended so to be, or to assign, transfer or convey to the Trustee any other property or properties to be held subject to this Indenture with the same force and effect as if included in the granting clauses hereof;

(2) to add to the covenants and agreements of the Company such further covenants and agreements as the board of directors of the Company shall consider to be for the protection of the holders of the Bonds outstanding hereunder and for the protection of the Trust Property;

(3) to evidence the succession of another corporation to the Company or successive successions, and the assumption by such successor corporation of the covenants and obligations of the Company under the Bonds and under this Indenture upon the terms and conditions of Article IX hereof, and/or to evidence the appointment, and the rights, powers, privileges, immunities and authority of any co-trustee or separate trustee pursuant to the provisions of section 7 of Article VII hereof;

(4) to make such provisions, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained in this Indenture, or in regard to matters or questions arising under this Indenture, as may be necessary or desirable and not inconsistent with the security and protection intended to be conferred upon the Trustee and the Bondholders;

provided, however, that nothing in this section shall affect or limit the obligation of the Company to execute and deliver to the Trustee any instrument of further assurance or other instrument which elsewhere in this Indenture is required to be made to or with the Trustee.

The Company covenants that it will file and/or record each such indenture in all places where this Indenture is filed and/or recorded, and in all other appropriate places wherever required for the protection of the Bondholders and of the Trustee under all applicable legal requirements.

ARTICLE XII.

Reconveyance.

The Trustee,

(1) if the Company shall at any time deliver or cause to be delivered to the Trustee, canceled or for cancellation, all the Bonds then outstanding hereunder, and in such case forthwith upon such delivery; or

(2) if, when the principal of all Bonds at the time outstanding shall have become payable by declaration or otherwise, the Company shall well and truly pay or cause to be paid the whole amount of the principal moneys and interest due on all the Bonds then outstanding with interest at the rate specified in each Bond on overdue installments of interest, if any, or shall deposit or cause to be deposited with the Trustee for the benefit of the holders thereof a sum sufficient with any other moneys then held by the Trustee applicable to that purpose to pay the whole amount of such principal and interest, and in such case forthwith upon such payment or deposit; or

(3) if the Company shall at any time prior to the stated maturity of the Bonds deposit or cause to be deposited with the Trustee for the benefit of the holders thereof such sum of money as shall, with any other moneys then held by the Trustee applicable to that purpose, be sufficient to pay the whole amount of the principal and interest to such maturity on all bonds at the time outstanding with interest at the rate of six per cent. (6%) per annum on over due installments of interest, if any, and in such case forthwith upon such deposit;

(4) but only if in every such case the Company shall also pay or cause to be paid all other sums payable by the Company under any of the provisions hereof or of the Bonds, and shall well and truly perform all the things herein required to be performed by it, according to the true intent and meaning of this Indenture, including, without restricting the generality of the foregoing, payment to the Trustee of all sums payable to the Trustee at the time under any of the provisions hereof and such additional sums, if any, as in the opinion of the Trustee are sufficient to cover any other liability of the Company under any other provisions hereinbefore contained, and any liability of the Trustee for any action taken under this Indenture;

upon request and at the cost of the Company, shall execute to the Company a good and sufficient quit claim of the Trust Property then held hereunder, and shall surrender possession to the Company of any property of which it shall have taken possession and which shall not have been sold under and by virtue of this Indenture; and the Trustee shall thereupon pay to the Company any surplus moneys, if any, then remaining in the hands of the Trustee the application of which is not required to discharge any obligation of the Company under any of the provisions hereof, or of the Bonds.

ARTICLE XIII.

Miscellaneous Provisions.

Section 1. Nothing in this Indenture or in the Bonds expressed or implied, is intended or shall be construed to confer upon or give to any person, other than the parties hereto or the holders of the Bonds, any legal, equitable or other right, remedy, or claim under or by reason of this Indenture or of the Bonds, or any covenant, condition, stipulation, promise or agreement hereof or thereof, and all covenants, conditions, stipulations, promises and agreements in this Indenture or in the Bonds contained are and shall be for the sole and exclusive benefit of the parties hereto and of the holders of the Bonds.

Section 2. Whenever by this Indenture the Trustee or any Bondholder is required, permitted or called on to give or serve any notice or demand upon the Company; and no other method of giving or serving such notice or demand is herein provided, such notice or demand shall be sufficiently given and served by mailing such notice or demand, postage prepaid, address to "Carolina-Georgia Service Company, Anderson, South Carolina", or other address filed with the Trustee by the Company as its post office address, or by delivering such notice or demand to the