

indenture, but at the request of the Southern Company the Carolina Company will make and execute such instrument or instruments of further assurance as may be deemed by the Southern Company to be necessary to vest in it the leasehold estate in such additional and after acquired property of the Carolina Company as is hereby contemplated. And the Southern Company hereby covenants and agrees, as part of the consideration for this lease, that during the life of the bonds constituting the existing and already authorized funded debt of the Carolina Company as hereinbefore specified, the said receipts, income and revenues to be derived by the Southern Company from the use and operation of said demised lines of railroad and to be applied by the Southern Company as aforesaid shall be not less than enough to pay the interest as it accrues upon said funded debt. (d) One-half of any and all residue of said receipts, income and revenues remaining after each and every of the above-mentioned and specified payments and provisions shall have been made shall be paid over to the Carolina Company its successors or assigns, and such payments, if and when the same may be due, shall be made by the Southern Company to the Carolina Company to the Carolina Company annually on the first day of October in each year, for and with respect to the fiscal year ended on the last preceding thirtieth day of June.

2. That it will state and render to the Carolina Company annually as soon as may be after the first day of July in each year, and at all events on or before the 15th day of September in each year, an account of its receipts derived from the operation of the lines of railroad and property of the Carolina Company and of its disbursements with respect thereto during the fiscal year ended on the thirtieth day of June last past; and for the purposes of checking said account the Carolina Company, its successors or assigns, shall and may have at all reasonable times access to and the right to inspect the books of account and other records of the Southern Company.

3. That it will at all times during the life of this indenture, so preserve, renew and maintain the lines of railroad of the Carolina Company and the volume and character of its rolling stock and equipment, and all its property of whatever name and nature, so that if and when the said railroad shall in any manner revert to the possession of the Carolina Company the said railroad and its appurtenances shall be in all respects in such complete and good condition and as well provided for the operating and carrying on of its business as on the day of the delivery thereof hereunder unto the Southern Company, and said rolling stock and all other movable property shall be of a value and condition of the same on said date of delivery.

4. That it will mark or paint all locomotives, tenders, cars and other equipment now owned by the Carolina Company and hereby leased, and all that hereafter shall be acquired by it and shall become subject to the operation of this indenture, with the words "Carolina Division", so as to identify the same as the equipment subject to this indenture.

5. That it will at all times during its possession of said railroad under this indenture discharge all of the duties and obligations which are or may be lawfully imposed by the States of South Carolina, North Carolina, Georgia, or other authorities upon or assumed by the Carolina Company in respect of its duties as a common carrier of freight and passengers, or as the owner and lessor of the said demised lines of railroad, and to that end specifically agree to operate the same as a railroad at all times during the said

term, and that it will defend at its own cost and expense all suits which may be brought against the Carolina Company for any violation or neglect of its duty in respect to the operation of said lines of railroad, occurring during the said term of possession; and will pay and satisfy all claims and judgments of every kind whatsoever against the Carolina Company accruing by reason of the negligence of the Southern Company, its servants and employes, in the operation of said demised lines of railroad, and will not permit or suffer any claim or demand to be created by the act or neglect of the Southern Company against the Carolina Company, which may or might be adjudged to be a lien upon the property of the Carolina Company.

6. That upon the expiration of said term, it will quietly and peaceably surrender possession of said railroad and property, together with any and all betterments and improvements made thereon by the Southern Company, again unto the Carolina Company, its successors or assigns.

AND the CAROLINA COMPANY hereby covenants and agrees:

1. That it will not, during said term, willfully make or create or suffer to be made or created any lien upon the said demised premises which may or might be adjudged to be prior to this indenture or the assertion of which might result in the disturbance of the Southern Company in the enjoyment of its rights secured by this indenture, without the consent of the Southern Company first had and obtained.

2. That at all times during said demised term, the Southern Company and its successors and assigns, keeping and performing the covenants on its part herein contained, shall have the sole and exclusive right and authority—(a) To occupy, hold and enjoy, control, manage and operate the said demised lines of railroad and their appurtenances. (b) To regulate, fix, vary, demand, collect and receive all and every exactions, rates, tolls, rate charges and dues, accruing thereon and thereto. (c) To change and alter from time to time the tracks, superstructure, bridges, culverts, switches, grades, gauge, motive power and appurtenances.

(d) To sell and dispose of all lands of the Carolina Company lying outside of right of way lines; and for that purpose the Carolina Company hereby constitutes and appoints the Southern Company its true and lawfully attorney in fact in its name to sign and execute any and all deeds of such lands; provided, however that the proceeds of sale of any such lands shall be applied by the Southern Company to the betterment or improvement of the said demised lines of railroad or to the purchase of additional property or equipment therefor, but no purchaser of any lands from the Southern Company shall be required to see to such application of the proceeds of sale.

3. That the Southern Company on taking possession of said lines of railroad at the beginning of said term, shall and may take over the same, in good repair, working order and condition as a concern, and to that end the Carolina Company specifically agrees to turn over unto the Southern Company as of the first day of July, 1902, all materials which it may now have on hand or which may hereafter accrue to it in the usual course of business from the operation of said demised lines of railroad, and moreover hereby constitutes the Southern Company its agent, to close up its operating accounts and traffic balances in respect of said demised lines of railroad as of the first day July, 1902, for its account, provided, however, that if upon

the final closing of such accounts there shall be a balance to the credit of the Carolina Company, the Southern Company shall and may retain the same to its own use, but upon the determination of this lease in any way, then the Southern Company shall account to the Carolina Company, its successors or assigns, for such credit balance as part of the demised premises.

4. That it will indemnify and save harmless the Southern Company against any and all claims,