

ARTICLE THREE.

Particular Covenants of the Company.

The Company covenants and agrees:

Section 1. The Company will duly and punctually pay the principal of all the Bonds at any time outstanding and the interest to accrue thereon at the dates and places and in the manner prescribed in such Bonds and the coupons thereto appertaining, when and as the same shall become due and payable under any of the provisions hereof or thereof, whether at maturity, on redemption, by acceleration of maturity or otherwise, according to the true intent and meaning thereof and hereof. If and to the extent so provided in any Bond, the Company will pay the interest thereon without deduction therefrom for any federal income tax, which the Company or the Trustee may be required to pay on or to retain from such interest under any present or future law of the United States of America. If so provided in any Bond, the Company will upon application reimburse (but without any penalty or interest) to any holder or registered owner of such Bond any personal property tax not exceeding four mills per annum on each dollar of the value or principal amount thereof, which may be legally assessed upon such Bond or against such holder or registered owner, by reason of his ownership thereof, under any present or future law of the Commonwealth of Pennsylvania and which shall be paid by him; provided such application shall be made to the Company within thirty days after payment of such tax by the applicant and that such application shall set forth the fact of the ownership by the applicant of such Bond together with the number thereof and the residence of such applicant at the time such tax was assessed against him and that such tax was assessed against and paid by him because of the ownership by him of such Bond and provided the Company shall not theretofore have paid to the Commonwealth of Pennsylvania or to any county, municipality or other taxing authority therein the amount of such tax applicable to such Bond. The interest shall be payable only upon presentation and surrender of the coupons therefor as such coupons shall severally mature or upon presentation of temporary Bonds, if issued without coupons, for appropriate endorsement of such payment thereon. When and as paid, all coupons shall forthwith be cancelled. The Company will not directly or indirectly extend or assent to the extension of the time of the payment of any coupon or claim for interest on any of the Bonds and will not directly or indirectly be a party to or approve any such extension by purchasing or refunding such coupons or claims for interest or in any other manner.

Section 2. The Company will keep an office or an agency in the Borough of Manhattan in the City of New York, where notices and demands in respect of the Bonds and coupons may be served, and by written notice to the Trustee will designate such office or agency, or it will designate by written notice to the Trustee a bank or trust company in said Borough for such purpose. In default of any such office or agency or of such designation, such notices and demands may be served at the principal office of the Trustee in said Borough of Manhattan.

Section 3. All lands and interests in lands, mines, machinery, equipment, stocks, bonds and other obligations and all other property of every kind and description hereby conveyed, assigned, mortgaged or pledged or covenanted to be conveyed, assigned, mortgaged or pledged to or with the Trustee hereunder, whether now owned or hereafter acquired by the Company, shall, immediately or immediately upon the acquisition thereof by the Company and without further conveyance or assignment, become and be subject to the lien of this Indenture, as fully and completely as though owned by the Company at the date hereof and specifically described in the Granting Clauses hereof; but the Company will at any and all times execute and deliver any and all such instruments of conveyance, assignment, further assurance or otherwise as the Trustee may reasonably require for the purpose of expressly subjecting the same to the lien hereof. Whenever any of the shares of stock, bonds or other obligations, which the Company has by this Indenture assigned, transferred or pledged or agreed to assign, transfer or pledge hereunder, shall come into the possession of the Company or under its control, the Company will forthwith deliver the same or cause the same to be delivered to the Trustee, in form transferable by delivery, with all unmatured coupons appertaining to any coupon bond or other obligation.

Section 4. The Company (except as otherwise permitted by this Indenture) will diligently preserve all the rights and franchises to it granted and upon it conferred, in so far as they shall continue to be advantageous to the Company, and, in so far as in the opinion of the Board of Directors of the Company it shall be advantageous, will at all times maintain, preserve and keep all its property and plants mortgaged hereunder, including equipment, fixtures and appurtenances in good repair, working order and condition and equipped with suitable machinery and appliances, and will from time to time make all needful and proper repairs, renewals and replacements so that the security for the Bonds and the efficiency of the property mortgaged hereunder shall be fully preserved and maintained; but this provision shall not prevent the Company from cutting timber or from opening and operating mines and beds or veins of minerals and phosphate rock or from removing, selling or using minerals or other deposits taken therefrom or from selling or using any of such timber in the ordinary conduct of business, nor require the operation or working of any mine, plant or works to any greater extent than shall be deemed necessary by the Company in the ordinary course of business.

Section 5. This Indenture is and always will be kept a first lien upon the premises and property described or mentioned in the Granting Clauses hereof now owned by the Company and upon the renewals and replacements thereof, and will be kept a lien on all property to be hereafter acquired, included in the Granting Clauses hereof, junior only to purchase money mortgages and to mortgages or other liens existing on any such property at the time of the acquisition thereof by the Company, or refundings or renewals thereof. The Company will promptly pay and discharge all taxes, assessments and other governmental charges lawfully levied or imposed upon it or upon the trust estate or any part thereof or upon the income or profits thereof or upon the lien or interest of the Trustee upon or in the trust estate and as well all lawful claims for labor, materials and supplies which, if unpaid, might ripen into liens having priority to this Indenture as a lien upon the trust estate or any part thereof; provided, however, that the Company shall have the right in good faith to contest any such tax, assessment, charge or claim and pending the final determination of such contest to delay or refuse payment thereof.

Section 6. The property of each of the corporations, shares of the capital stock whereof are mentioned in Clause V of the Granting Clauses hereof, which is a subsidiary company, is free from mortgages or liens (other than pledges of current assets for loans in the ordinary course of business maturing not later than one year from the date thereof), and no such subsidiary company has outstanding any bonds or other obligations or indebtedness, except notes payable and other obligations or indebtedness for loans in the ordinary course of business, maturing not later than one year from the date thereof.

Section 7. The Company (except as otherwise permitted by this Indenture) will cause every subsidiary company (a) diligently to preserve all the rights and franchises to it granted or upon it conferred, in so far as they shall continue to be advantageous to the Company; (b) promptly to pay and discharge all taxes, assessments and governmental charges lawfully levied or imposed upon it or upon its property, as well as all lawful claims for labor, materials and supplies, which, if unpaid, might ripen into liens upon its property or any part thereof; provided, however, that it shall have the right in good faith to contest any such tax, assessment, charge or claim and pending the final determination of such contest to delay or refuse payment thereof; (c) in so far as in the opinion of the Board of Directors of the Company it shall be advantageous, to keep its property and plants, including equipment, fixtures and appurtenances in good repair, working order and condition and equipped with suitable machinery and appliances and to make all needful and proper repairs, renewals and replacements so that the efficiency of its property and plants shall be fully preserved and maintained; but nothing in this clause (c) shall prevent any subsidiary company from cutting timber or from opening and operating mines and beds or veins of minerals and phosphate rock or from removing, selling or using minerals or deposits taken therefrom or from selling or using such timber in the ordinary conduct of business, nor require the operation or working of any mine, plant or works to any greater extent than shall be deemed necessary by the Company in the ordinary conduct of business; (d) not to increase the amount of its capital stock issued and outstanding, unless effective provision shall be made that all such additional stock so issued (or such part of such additional stock as shall be proportionate to the part of the entire issued stock of such company owned by the Company immediately prior to the issue of such additional stock) shall forthwith upon the issue thereof be acquired by the Company and be pledged hereunder.

Section 8. The Company will insure and keep insured for a fair value so much of its property, and will cause every subsidiary company to insure and keep insured for a fair value so much of its property, as is of a character customarily insured by companies engaged in similar business, against loss by fire or from other

causes customarily insured against by similar companies or, in lieu thereof, in whole or in part, the Company will maintain a system of self insurance for itself and its subsidiary companies and/or will cause every subsidiary company to maintain a system of self insurance, which will accord with the approved practices of similar companies maintaining such systems and, in such case, will maintain and/or will cause every subsidiary company to maintain an adequate insurance reserve.

The amount of any such insurance, which shall by the terms of the policy or policies be payable to the Company in respect of any loss, whether payable by one insurer or more than one, and which shall not be applied by the insurer under the terms of the insurance contract for the purposes hereinafter in clause (a) of this Section specified, shall, if in excess of fifty thousand dollars, be paid by the Company to the Trustee and shall either

(a) be applied upon the request of the Company, evidenced by a resolution of its Board of Directors, a copy whereof certified by the Secretary or an Assistant Secretary of the Company under its corporate seal, shall be delivered to the Trustee, to reimburse the Company for expenditures made or to meet expenditures contracted to be made by it in repairing or replacing the property injured or destroyed or in acquiring or building substitutes therefor, or

(b) be applied for some one or more of the purposes mentioned in subdivision (2) and in clause (a) and/or clause (b) of Section 9 of Article Eight hereof in respect of the moneys in said subdivision (2) referred to at the rate and subject to the restrictions in said Section 9 set forth.

Any amount of such insurance, which shall not be applied as aforesaid by any insurer or shall not be paid to the Trustee as above provided, shall be applied by the Company within one year after the receipt thereof to meet expenditures made by it in repairing or replacing the property injured or destroyed or in acquiring or building substitutes therefor or in acquiring or constructing other property or plants, all of which shall become and be subject to the lien of this Indenture. If any such amount shall not be so applied by the Company within said period of one year, the same or any portion thereof not so applied shall be paid to the Trustee and shall be applied thereafter as provided in clause (a) and/or clause (b) of this Section.

Section 9. The Company will not permit any subsidiary company to create or suffer to exist any mortgage, lien or other encumbrance upon any property or assets now owned or which may hereafter be acquired by any such subsidiary company, except to secure bonds or other obligations pledged or to be pledged hereunder; provided, however, that this Section shall not apply to and nothing herein or in this Indenture shall be construed to prevent, the creation or sufferance by any subsidiary company of

(1) purchase money mortgages, liens or encumbrances, or refundings or renewals thereof;

(2) mortgages, liens or other encumbrances existing on property at the time of the acquisition thereof, or refundings or renewals of such mortgages or liens;

(3) pledges of current assets for loans in the ordinary course of business, maturing not later than one year from the date thereof; and

(4) Easements in favor of states or counties or municipalities and other subdivisions therein for public purposes or in favor of any person or corporation for industrial railroads when, in the opinion of the Board of Directors of the Company, the creation of any such easement will be beneficial to the property of any such subsidiary company.

Section 10. The Company will not permit any subsidiary company to create or issue any bonds or other obligations or indebtedness, except bonds or other obligations or indebtedness to or acquired by the Company and pledged hereunder; provided, however, that this Section shall not apply to and nothing herein or in this Indenture shall be construed to prevent the issue by any subsidiary company to anyone whomsoever

(1) of bonds or other obligations or indebtedness secured by any mortgage, lien or other encumbrance of any character that subsidiary companies are permitted to create under the provisions of Section 9 of this Article; or

(2) of notes, drafts, bills of exchange, acceptances or other obligations for loans in the ordinary course of business maturing not later than one year from the date thereof.

The Company will not permit any subsidiary company to create or issue any bonds, notes or other obligations which shall by their terms be convertible into capital stock of such subsidiary company.

Section 11. The Company from time to time will punctually observe and perform all its obligations and pay and discharge all amounts payable under or by virtue of any lease of property, the leasehold estate in which is or is intended to become subject to the lien of this Indenture and is essential to or useful in the business of the Company, and will not suffer or permit any default for which any such lease might be terminated, to the end that the interest of the Company in such leasehold estate may be at all times preserved unimpaired as security for the Bonds; provided that nothing contained in this Section shall require the Company to make any such payment or to observe any such obligation so long as it shall in good faith contest its liability therefor; and the Company will cause every subsidiary company punctually to observe and perform from time to time all its obligations and to pay and discharge all amounts payable under and by virtue of any lease of property, the leasehold estate in which is essential to or useful in the business of such subsidiary company or of the Company; provided nothing in this Section shall require any such subsidiary company to make any such payment or to observe any such obligation so long as it shall in good faith contest its liability therefor.

Section 12. The Company (except as otherwise permitted by this Indenture) will not suffer or permit any subsidiary company to consolidate with or merge into any corporation (other than the Company or a subsidiary company or a corporation which, upon such consolidation or merger, shall become and be a subsidiary company and which at the time has outstanding no obligations secured by a mortgage or lien of record (other than purchase money mortgages and mortgages existing on property at the time of the acquisition thereof and refundings or renewals of such mortgages) which, upon such consolidation or merger, will become or be a lien upon the properties of such subsidiary company) or to make any sale, lease or other disposition (otherwise than to the Company or to a subsidiary company or to a corporation which, upon such sale, lease or other disposition to it, shall become and be a subsidiary company and which at the time has outstanding no obligations secured by a mortgage or lien of record (other than purchase money mortgages and mortgages existing on property at the time of the acquisition thereof and refundings or renewals of such mortgages) which, upon such sale, lease or other disposition, will become or be a lien upon the property of such subsidiary company) of any real estate or plants except

(1) a sale, lease or other disposition of any such real estate or plants taken by such subsidiary company in satisfaction of a debt or upon the enforcement of any security given to it for the payment of a debt;

(2) a lease of any such real estate or plant expressly made subject to termination at any time after a period of not to exceed five years by the lessor or by the Trustee or by any purchaser at a sale under this Indenture, or any of them, in the case of the happening of any event of default specified in Section 2 of Article Seven hereof;

(3) a sale of any such real estate or plant or of any interest in any such real estate, the value of which real estate or interest therein or of which plant does not exceed in any one case the sum of twenty-five thousand dollars, provided that the aggregate value of all real estate and interests therein and plants sold by subsidiary companies under this sub-division (3) and all property or interests therein sold by the Company under Section 4 of Article Eight hereof shall not exceed in any year ending May 31, one hundred thousand dollars, and provided further that the Company shall in every case of a sale made by any subsidiary company under this sub-division (3) file with the Trustee a certificate of the President or a Vice-President of the Company as to the value of such real estate or interest therein or of such plant involved in every such sale and as to the consideration received therefor; and the Company covenants and agrees that the proceeds of every sale made by any subsidiary company pursuant to the provisions of this sub-division (3) shall be applied by such subsidiary company, within one year after the date of such sale, to the acquisition by such subsidiary company of other property or that any balance of the proceeds of any such sale (including any obligations, contracts or other securities for deferred installments of the purchase price), which shall not be so applied within such period of one year by the subsidiary company making such sale, shall be paid and assigned and transferred by such subsidiary company to the Trustee to be thereafter applied by the Trustee for some one or more of the purposes, at the rate and in the manner hereinafter in Section 9 of Article Eight hereof provided in respect of the moneys in said Section 9 referred to;

(4) a lease of any such real estate or plant for any term in excess of five