

resign or shall be removed by holders of the Bonds or shall otherwise become incapable of acting, a successor or successors in the trust may be appointed by the Company, if at the time of such resignation the Company shall not be in default in any of its covenants herein expressed. If the Company shall be in default, then such successor or successors shall be appointed by the holders of a majority in principal amount of the Bonds then outstanding by an instrument or concurrent instruments in writing signed by such holders of the Bonds or their duly authorized attorneys in fact and filed with the Company; provided nevertheless and it is hereby agreed and declared that in case of any such resignation, removal, or other incapacity, the Company, by an instrument in writing executed by order of its Board of Directors, may, notwithstanding the existence of such default, appoint such successor or successors, until a new trustee shall be appointed by the holders of the Bonds as herein authorized. The Company shall publish notice of any such appointment by it made at least once in each calendar week (in each instance upon any day of the week) for four successive weeks in a newspaper of general circulation in the Borough of Manhattan, City of New York; but any new trustee appointed by the Company shall immediately and without further act be superseded by a trustee appointed by the holders of the Bonds in the manner above provided.

If in a proper case no appointment of a successor trustee shall be made pursuant to the foregoing provisions of this Article within sixty days after the resignation or removal of any trustee hereunder shall have taken effect or after any trustee hereunder shall have become incapable of acting, any holder of Bonds or the retiring trustee may apply to any court (state or federal), having jurisdiction, to appoint a successor trustee, and such court may, if it deems proper, appoint a successor trustee.

Every successor trustee hereunder shall be a bank or a trust company having an office in the Borough of Manhattan in the City of New York and having paid up capital and surplus aggregating not less than \$2,000,000, unless there be no such bank or trust company fully authorized and qualified and willing to discharge the duties of trustee hereunder.

Section 4. If at any time or times in order to conform to any legal requirement the Company or the Trustee shall so request, the Company and the Trustee shall have power to appoint and shall unite in the execution and delivery of all instruments and the performance of all acts necessary or proper to appoint some bank or trust company or one or more persons, approved by the Trustee, as additional trustee or trustees, either to act as co-trustee or co-trustees of all or any of the property at the time subject to the lien hereof, jointly with the Trustee originally named herein, or its successor or successors, or to act as a separate trustee or trustees of any of such property and in either case with such of the rights, powers, duties and obligations hereby conferred or imposed upon the Trustee as shall be stated in such instrument of appointment, the same to be exercised either jointly with the Trustee or separately as such instrument may prescribe, and the Company hereby irrevocably appoints the Trustee its agent and attorney, without any further act by the Company (whenever during the continuance of an event of default as defined in Section 2 of Article Seven hereof the Company shall not within thirty days after request by the Trustee join with it in any such appointment) to appoint any such additional trustee or co-trustee and to execute, deliver and perform any and all instruments and agreements necessary or proper in connection therewith.

Any new trustee appointed hereunder shall execute, acknowledge and deliver to its or his co-trustee or co-trustees, if any, and also to the Company and to the retiring trustee, an instrument in writing accepting such appointment hereunder and, thereupon, such new trustee, without any further act, deed or conveyance, shall become and be fully vested with all the properties, interests, rights powers, trusts, duties and obligations of his or its predecessor in the trust or, if a co-trustee hereunder, with all such thereof as shall be described or set forth in the instrument of its or his appointment, with like effect as if originally named as trustee herein and hereby vested with the same properties, interests, rights, powers, trusts, duties and obligations; but any trustee ceasing to act shall, nevertheless, on the written request of the Company, or of the new trustee, execute and deliver at the expense of the Company an instrument transferring to such new trustee, or to such new trustee and its or his co-trustee, upon the trusts herein expressed, all of the properties, interests, rights, powers and trusts of the trustee so ceasing to act and shall duly assign, transfer and deliver all property and moneys held by or for the account of such trustee to the new trustee. Should any deed, conveyance, mortgage or other instrument in writing from the Company be required by the new trustee for more fully and certainly vesting in and confirming to such new trustee such properties, interests, rights, powers and duties, or any thereof, any and all such deeds, conveyances, mortgages and other instruments in writing shall, on request, be executed, acknowledged and delivered by the Company.

Any trustee or trustees hereunder may, so far as may be lawful, at any time, by an instrument in writing, constitute any other trustee hereunder its, his or their agent and attorney in fact, with power and authority, to the full extent which may be permitted by law, to do all acts and things and exercise all discretions hereunder in behalf and in the name of the trustee or trustees executing such instrument.

Section 5. Any corporation into which the Trustee, or any successor to it in the trusts created by this Indenture, may be merged or with which it, or any successor to it, may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee, or any such successor to it, shall be a party, provided such corporation shall be a bank or trust company authorized to transact business in the Borough of Manhattan in the City of New York, shall be the successor trustee under this Indenture without the execution or filing of any paper or other act on the part of either of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds shall have been authenticated but not delivered, any such successor trustee may adopt the certificate of authentication of the Trustee or of any successor or successors to it as such trustee hereunder and may deliver such Bonds so authenticated; and in case any of the Bonds shall not have been authenticated, any such successor trustee may authenticate, such Bonds either in the name of any predecessor trustee or in the name of such successor trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Indenture provided that the certificate of the Trustee shall have.

Section 6. In all cases where this Indenture does not make other express provision as to the evidence on which the Trustee may rely for any action, non-action, judgment or exercise of discretion on its part, the Trustee may accept as conclusive evidence of any fact or conclusion or circumstance, and may act or refrain from acting and shall be protected in acting or refraining from acting or in exercising any judgment or discretion under any provision of this Indenture in reliance upon, a certificate signed by the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Company.

ARTICLE THIRTEEN.

Possession Until Default. Defeasance Clause.

Section 1. Until some one or more of the defaults defined in Section 2 of Article Seven hereof shall have happened and shall have continued beyond the period of grace, if any, herein provided in respect thereof, the Company, its successors and assigns, shall be suffered and permitted to retain actual possession of all the property, real, personal or mixed, corporeal or incorporeal rights and interests, and everything else of every kind and nature now or hereafter subject to the lien of this Indenture (other than shares of stock and/or bonds or other obligations and other property delivered to and pledged with the Trustee or which by the terms hereof are required to be delivered to and pledged with the Trustee hereunder) and to manage, mine, use and operate the same and every part thereof, with the rights and franchises thereto appertaining, and to collect, receive, take, use, enjoy and dispose of the earnings, income, rents, issues and profits thereof and of the business of the Company.

Section 2. (1) If all the Bonds, both principal and interest, shall be well and truly paid at the times and in the manner therein and herein expressed, according to the tenor and effect thereof, and/or, in the case of any Bonds by their terms convertible into stock of the Company, shall be so converted in accordance with the terms thereof, this Indenture may cease and determine and upon proof being given to the reasonable satisfaction of the Trustee that all the Bonds have been paid and/or, in the case of convertible Bonds, converted into stock of the Company and upon payment of the costs, charges and expenses incurred by the Trustee in relation thereto, or (2) if at or about or after the maturity of the Bonds the Company shall deposit with the Trustee for the benefit of the holder or holders thereof the amount of the principal of all the Bonds and of all the coupons then outstanding, together with all costs, charges

and expenses incurred by the Trustee, and shall make provision in the manner provided in that behalf for the exercise of the conversion rights, if any, granted and then continuing in respect of any Bonds then outstanding, the Trustee shall, upon the written request of the Company cancel and satisfy this Indenture and all indenture supplemental hereto and shall assign or cause to be assigned and shall deliver to the Company all shares of stock and bonds or other obligations pledged hereunder and shall, at the expense of the Company reconvey and re-assign to the Company by proper instruments in that behalf all other property then held by the Trustee hereunder; provided, however, that if any such shares of stock or bonds or other obligations or other property shall have been delivered to the Trustee by any person or corporation solely as provided in Clause VIII of the Granting Clauses hereof, the same shall be delivered or otherwise disposed of in accordance with any reservation, limitations, conditions or provisions which may have been set out in the instrument in writing, if any, respecting the use, management and disposition of such shares of stock, bonds or other obligations or other property.

Section 3. Neither the Company nor the Trustee shall be required to pay interest to the holder of any Bond on any moneys deposited with the Trustee, as provided in this Article. Any moneys deposited which shall not be required for the purpose for which such deposit was made shall be repaid to the Company upon its written request; and any moneys remaining unclaimed by the holders of Bonds and coupons for six years after the date of such deposit with the Trustee shall be paid by the Trustee to the Company; provided, however, that the Trustee, before being required to make any such payment, may, at the expense of the Company, cause to be published once a week in each of four successive weeks in a newspaper of general circulation in the Borough of Manhattan in the City of New York notice that said moneys remain unclaimed as aforesaid and that after a date named therein, unless claimed by those entitled thereto, they will be returned to the Company.

ARTICLE FOURTEEN.

Supplemental Indentures.

Section 1. The Company and the Trustee, from time to time and at any time, if by them deemed necessary or desirable, may and, if required by the terms of this Indenture, shall enter into such indenture or indentures supplemental hereto as may be authorized by the Board of Directors of the Company, which shall not be inconsistent with the terms and provisions hereof or in conflict with the rights of the holders of Bonds theretofore issued under this Indenture, which supplemental indenture or indentures shall thereafter form a part hereof, for any one or more of the following purposes:

(1) to convey, transfer and assign to the Trustee and subject to the lien of this Indenture any additional property which under any of the provisions of this Indenture shall be required to be subjected to the lien hereof;

(2) to convey, transfer and assign to the Trustee for the purpose of subjecting to the lien of this Indenture any additional property not required to be subjected, but which the Company may for any reason desire to subject to the lien hereof;

(3) to provide for the issue under this Indenture of Bonds of any series other than Series A, as provided in Section 5 of Article One hereof;

(4) to provide that the Bonds of any particular series may be exchanged, at the option of the holders, into other Bonds of any series, other than Series A, issued under this Indenture, or for the extension, by agreement with the holders thereof, of Bonds of any particular series issued under this Indenture to a later date of maturity and on different terms;

(5) to evidence the succession of another corporation to the Company or its successor or successors and the assumption by any successor corporation of the covenants and obligations of the Company under this Indenture;

(6) to provide for the appointment of one or more co-trustees to act jointly with the Trustee named herein, in case such appointment shall be or become necessary or desirable under the laws of any jurisdiction in which any portion of the trust estate is or shall be located.

Section 2. The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder. In case of the delivery of any such supplemental indenture or indentures, express reference thereto may be made in the text of the Bonds of any series created or constituted thereby.

Section 3. For the purposes of this Indenture any such supplemental indenture shall be construed in connection with and as part of this Indenture and the covenants thereof shall be deemed, as to their subject matter, covenants of this Indenture.

ARTICLE FIFTEEN.

Definitions.

Section 1. Wherever used in this Indenture and whether or not express reference is made to these definitions, the word *Trustee* shall be held and construed to mean the trustee for the time being, whether original or successor; the words *bond* and *holder* and *bondholder* shall include the plural as well as the singular number; the word *holder* means the bearer or, as to any registered Bond, the registered owner; the word *coupons* refers to the interest coupons appertaining to the Bonds.

Section 2. The term *subsidiary company* (or *companies*), wherever used in this Indenture and whether or not express reference is made to this definition, means a corporation or association (including any so-called Massachusetts Trust) ninety per cent. or more of the voting stock whereof is at the time owned by the Company and pledged with the Trustee under this Indenture.

Section 3. The term *controlled company* (or *companies*), wherever used in this Indenture and whether or not express reference is made to this definition, means a corporation or association (including any so-called Massachusetts Trust) more than fifty per cent. but less than ninety per cent. of the voting stock whereof is at the time owned by the Company and pledged with the Trustee under this Indenture.

Section 4. Wherever used in this Indenture in respect of any shares of stock, or bonds or other obligations pledged or to be pledged hereunder by the Company and whether or not express reference is made to this definition, the words *company* and *corporation* mean either a corporation or an association (including any so-called Massachusetts Trust), and the words *shares*, *stock* and *shares of stock* mean and include either shares of stock of any corporation or shares of interest in any such association.

Section 5. The term *admissible property*, wherever used in this Indenture and whether or not express reference is made to this definition, shall include all property except good will and other similar intangible assets.

Section 6. The words *bonds* and *obligations* wherever used in this Indenture and whether or not express reference is made to this definition means unconditional obligations for the payment of money, but this definition shall not apply to the Bonds issued hereunder.

Section 7. The term *current assets*, wherever used in this Indenture and whether or not express reference is made to this definition, means and includes (a) cash in bank, on hand or in transit, (b) good bills and accounts receivable received in the ordinary course of business and maturing not more than one year from the date thereof, (c) bonds and obligations of the United States Government and other readily marketable securities taken at their fair market value, except stocks, bonds or other obligations of subsidiary or controlled companies, and (d) manufactured products, materials in process of manufacture, raw materials and supplies, taken at cost or market value, whichever is the lower.

Section 8. As used in Article Eight hereof, whether or not express reference is made to these definitions, the word *sale* shall be construed to mean a disposition of property for a consideration payable entirely in money, either wholly at the time of such disposition or partly at such time and partly in deferred installments, evidence by obligations or contracts secured by purchase money mortgage or vendor's lien upon the property disposed of; and the word *exchange* shall mean any disposition of property other than a sale, as above defined.

ARTICLE SIXTEEN.

Miscellaneous Provisions.

Section 1. Any notice authorized or required by this Indenture to be given to the Company shall be sufficiently given for all purposes hereof, if addressed to Virginia-Carolina Chemical Company and mailed to it at its office or agency last known to the Trustee. Any notice, request or instrument in writing authorized or required by this Indenture to be given or delivered to the Trustee shall be suffi-