

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
SEPTEMBER 15, 1967

Prod. Mtg

9-15-67

3:30

Cong. R. - 9:00

All present

1. Report on planning development of large complex area

- Hyler & associates

Product. Report - Long range - basic plan

Phases summarized -

Gen agreement - land acquisition important

> - No discussion - proceed with ^{further} refinement.

USC

Quinn - Princeton

Room. Imps - See list

Board Corp. limited

> - Coord. Approval (M)

Lighting for New Roads

> Resolution approved

P. D. S. S.

M. H. K. S. -

no joint device assumed today agreed to - City & Govt

Purchase from City, approved - 75,000 appox. (over)

100

1

Gill & Wheeler approved for Bureau.

Ex. Com.

Author for Ex. Comm. (2)

(ok)

5.00

Resolution

Approved 1400,000 St. Rev. Bond

Issue for Eitel

12 year - 5 1/2 %

Pub. System

100

CC: H. Brunton



UNIVERSITY OF SOUTH CAROLINA

COLUMBIA, S. C. 29208

OFFICE OF THE PRESIDENT

September 14, 1967

State Budget & Control Board
P. O. Box 11333
Columbia, South Carolina

Gentlemen:

Re: Permanent Improvements

A few months ago, the University informed the State Auditor's Office that we had several critical building projects that would require all of our bonding ability (plus even more). We have since tried to evaluate the priorities on each of these projects and how best to use our limited resources.

On August 24, we opened bids on our new Humanities Center and were agreeably surprised to find them \$200,000 below estimate. This saving, plus uncommitted U.S.C. Institution Bonding ability, would allow us to increase or start new projects up to \$1,805,000. Attached to this memo is a listing, by priority, of how the University proposes to apply this bonding ability.

It should be noted that after registration next week, the University's Institution bonding ability is expected to further increase by more than \$3,000,000. The University proposes to again approach the Budget Board later this year with a proposal of how these additional bonds might best be applied. We recognize that the State debt limit on Institutional Bonds might limit the approval of some of these projects immediately, but it is hoped that this will shortly be resolved.

It should also be noted that the present building needs of the University cannot be met by current sources. If the University is to meet the demands, other sources must be found.

Each of these projects has been approved by the Building and Grounds Committee of the Board of Trustees. The University therefore respectfully requests permission to proceed with them.

Sincerely yours,

Thomas F. Jones
Thomas F. Jones
President

Enclosure

1. 101

Cond. Approval

U.S.C. Permanent Improvements

Priority #1 -- South Energy Facility -- \$900,000 Institution Bonds

It is proposed to construct a third source of heating and cooling. It will supply power initially to a new Men's Dorm, and will later be expanded to supply all buildings on the South campus.

Priority #2 -- Capstone Site Development -- Increase project from
\$4,320,000 to \$4,600,000:

Plus \$400,000 Institution Bonds
Plus \$ 50,000 Revenue Bonds
Minus \$170,000 Auxiliary Revenue

It is proposed that the half-block directly north of Capstone be acquired and developed for vehicle entrances and parking. This is acutely needed.

Priority #3 -- Lower Main Street Acquisition -- \$270,000 Institution Bonds

It is proposed to acquire approximately 2½ acres directly adjacent to University owned warehouse property. The three buildings (approximately 20,000 sq. ft.) would be used for central storage, library distribution, and "turn-around" space.

Priority #4 -- Coliseum Site Development -- Increase project from
\$1,150,000 to \$1,385,000:

Plus \$235,000 Institution Bonds

It is proposed that the two ½-blocks directly to the north and south of the Coliseum be acquired. In addition, as a minimum for parking, the two blocks directly to the west (plus other blocks, if possible) should be obtained. Because of a time problem, the University must pay the full price initially; some funds will later be returned by Urban Renewal.

Total Increase -- Institution Bonds \$1,805,000

Revenue Bonds \$ 50,000

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

HUGER SINKLER
CHARLES H. GIBBS
ALBERT SIMONS, JR.
THEODORE B. GUERARD
D. DANA SINKLER
THOMAS G. BUIST
RUTH WILLIAMS

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

September 5, 1967

Honorable P. C. Smith
Secretary, State Budget and Control Board
Hampton Office Building
Columbia, South Carolina

Dear Pat:

Re: Hyston Fibers Incorporated.

I am enclosing a copy of a letter which I have written to the Governor in his capacity as Chairman of the Budget and Control Board, as well as a copy of all documents enclosed in my letter to him.

In addition, I am enclosing herein five (5) copies of a Resolution intended for certification by you, which I would like to have for insertion in the Record of Proceedings incident to the issuance of these bonds.

With kind regards,

Sincerely yours,

Huger

HS:mw
Encs.

9/15/67

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

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September 5, 1967

C
O
P
Y

The Honorable Robert E. McNair
Governor of the State of South Carolina
State Capitol
Columbia, South Carolina

Dear Governor McNair:

Re: Hyston Fibers Incorporated

This letter is written to you in your capacity as Chairman of the State Budget and Control Board and in order to enclose to that agency a Petition of Spartanburg County to approve the Hyston Fibers project.

In addition to the Petition, I am enclosing a copy of a Resolution of the Spartanburg County Board of Control authorizing the action evidenced by the Petition and printer's proof copy of:

- (1) The proposed Lease;
- (2) The Guaranty Agreement; and
- (3) The proposed Indenture.

In connection with the last mentioned documents, I would like to advise that they are still subject to change, but the changes which will be made will result from the terms of the sale of the bonds and language changes. In other words, the changes would not modify or vary the obligation of the Lessee to pay the rent and other costs resulting from the undertaking, or impose pecuniary liability on the County itself. And finally, no change would be made which would in any way affect the obligation of Hyston to make the "in lieu of tax" provision.

While no definite time schedule has been set for the marketing of the bonds - I am sure that you are aware of the fact that this is awaiting action by IRS - all concerned would like to get through as far as possible the formal steps which include the publication of the notice in a paper in Spartanburg County. For that reason, I am hopeful that the Budget and Control Board will

SINKLER, GIBBS & SIMONS

The Honorable Robert E. McNair
September 5, 1967
Page 2

see fit to give the project prompt approval.

In that connection, it seems to me that it is necessary that the approval take the form of a Resolution to which would be appended, as an Exhibit, the Notice to be published in the Spartanburg paper. With that in mind, I have taken the liberty of preparing a Resolution for the consideration of the State Board, which would accomplish that result.

In view of the fact that Pat Smith is Secretary of the Board, I am sending him a copy of this letter and the enclosures.

With kindest personal regards,

Respectfully,

HS:rmw

Encs.

cc with encls:

Honorable P. S. Smith
Secretary, State Budget and Control Board
Hampton Office Building
Columbia, South Carolina

RESOLUTION

STATE OF SOUTH CAROLINA BUDGET AND CONTROL BOARD

WHEREAS, heretofore on the day of September, 1967, the Spartanburg County Board of Control (the County Board), did, pursuant to the Act of the General Assembly of the State of South Carolina, bearing Ratification No. R149 enacted at its 1967 Session (the Act), petition the State Budget and Control Board of South Carolina (the State Board) seeking the approval of the State Board to an undertaking by the County Board pursuant to the Act, and

WHEREAS, the proposed undertaking consists of the acquisition of a portion of a tract of land in Spartanburg County, owned by Hystron Fibers Incorporated (Hystron) and the installation and construction thereon of new facilities for the manufacture of synthetic fibers (the Project), and

WHEREAS, the Project is to be leased to Hystron at a rental sufficient to provide for the payment of the bonds of Spartanburg County hereafter referred to, and costs and expenses resulting from the issuance thereof, and

WHEREAS, in order to finance the Project the County Board proposes to provide for an initial issue of \$75 million of Spartanburg County Industrial Revenue Bonds payable from the rentals derived from Hystron and additionally secured by

a Trust Indenture mortgaging the Project, but with provisions in the proceedings which would permit the issuance of not exceeding \$10 million additional bonds if the actual cost of the Project so requires, and

WHEREAS, drafts of the Lease Agreement between the County and Hystron, a certain Guaranty Agreement by which Hercules Incorporated and Farbwerke Hoechst AG vormals Meister Lucius & Brünig will unconditionally, jointly and severally guarantee the obligations of Hystron, and a Trust Indenture which would be given to further secure the Bonds, have been submitted and considered by this Board,

NOW THEREFORE, BE IT RESOLVED BY THE STATE BUDGET AND CONTROL BOARD IN MEETING DULY ASSEMBLED:

1. It has been found and determined by the State Board:

(a) That the statement of facts set forth in the recitals of this Resolution are in all respects true and correct,

(b) That the County Board has filed a proper petition to the State Board establishing a reasonable estimate of the cost of the Project, a general summary of the terms and conditions of the Lease and the Trust Indenture to be made by

the County Board and has established that Hyston will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 6 of the Act.

(c) That the Project will provide considerable employment during the period of its construction and employment for several hundred persons in its operation, and that it will provide a source of raw material, viz., synthetic fiber which can be utilized by many textile operations throughout South Carolina and adjoining areas,

(d) That the Project is intended to promote the purposes of the Act and is reasonably anticipated to effect such results.

2. On the basis of the foregoing findings the proposed undertaking of the County Board to acquire and construct the Project, to lease the same to Hyston and to finance the cost thereof through the issuance of Bonds payable from the revenues to be derived from the operation of the Project and additionally secured by the said Trust Indenture, be and the same is hereby approved.

3. Notice of the action of the State Board in giving approval to the undertaking of Spartanburg County above-described shall be published in the Spartanburg Daily Herald, which is a newspaper having general circulation in Spartanburg County.

-4-

4. The notice to be published shall be in form substantially as set forth as Exhibit A of this Resolution.

EXHIBIT A

NOTICE PURSUANT TO ACT NO. R149 OF THE
ACTS OF THE GENERAL ASSEMBLY OF SOUTH
CAROLINA FOR THE YEAR 1967

Notice is hereby given that following the filing of a Petition of the Spartanburg County Board of Control (the County Board) to the State Budget and Control Board of South Carolina (the State Board), approval has been given by the State Board to the following undertaking, viz.:

The acquisition by the County Board of land located in Spartanburg County and situate on the North side of Interstate Highway No. 85 and on the West side of the right of way of Clinchfield Railroad, and the installation and construction thereon of facilities designed for the manufacture of synthetic fibers, (the Project). The Project will be leased by the County Board to Hystron Fibers Incorporated (Hystron). To finance the cost of the acquisition and construction of the Project, the County Board will initially issue \$75 million of Spartanburg County Industrial Revenue Bonds. The proceedings so taken will authorize the issuance of additional bonds not exceeding \$10 million, if additional funds are required to complete the acquisition and construction of the Project. The bonds of Spartanburg County will be payable solely from the rentals to be paid to the County by Hystron which has irrevocably covenanted and agreed to pay when due, all sums required for the principal and interest thereon, and such bonds will be

additionally secured by a Trust Indenture mortgaging the Project.

In addition Hystron has agreed to pay as additional rentals to Spartanburg County, the School District, and all other political units wherein the Project shall be located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Spartanburg County, the said School District, and the said other political units wherein the Project is to be situate, if the Project were owned by Hystron, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to Hystron if it were the owner of the Project.

All obligations of Hystron have been unconditionally, jointly and severally guaranteed by Hercules Incorporated and Farbwerke Hoechst AG vormals Meister Lucius & Brünig.

Notice is further given that any interested party may at any time within twenty (20) days after the date of the publication of this notice, challenge the validity of the action of the State Board in approving the undertaking of the County Board by action de novo instituted in the Court of Common Pleas for Spartanburg County.

THE STATE BUDGET AND CONTROL BOARD

BY _____
Secretary

PUBLICATION DATE:

Resolution of Spartanburg Co. Board

As an incident to the adoption of this Resolution the Spartanburg County Board of Control (the County Board) has made the following findings of fact:

1. Heretofore the County Board and Hyston Fibers Incorporated (Hyston), did agree that the County Board should cause to be undertaken the construction of a manufacturing enterprise in Spartanburg County (the Project) and finance the cost thereof through the issuance of Industrial Revenue Bonds of Spartanburg County (the Bonds) pursuant to an Act enacted by the General Assembly of South Carolina at its 1967 Session, bearing Ratification No. R149 (the Act).
2. In order that the Project may be undertaken and the Bonds issued to finance the same, it is necessary that there be presented to the State Budget and Control Board of South Carolina, a petition setting forth the facts required by Section 14 of the Act.
3. The County Board has determined that neither the Project nor the Bonds will give rise to any pecuniary liability of Spartanburg County or a charge against its general credit and taxing power.
4. The amount necessary to finance the Project is estimated to be \$75 million with the possibility that an additional \$10 million might later be required, and that by reason

thereof it is necessary to authorize the issuance of not exceeding \$85 million of Bonds.

5. Hyston has submitted to the County Board the form of a proposed Lease and while the amount necessary to provide the annual payments of principal and interest is not at present ascertainable, such amount is estimated at not exceeding \$6,000,000 per year and Hyston has agreed to pay, and Hercules Incorporated and Farbwerke Hoechst AG vormals Meister Lucius & Brünig, its Guarantors, have agreed to unconditionally obligate themselves, jointly and severally, to pay such sums as may be required for the payment of the principal and interest of the Bonds.

6. The terms under which Hyston will lease the Project require Hyston to maintain the Project and to carry proper insurance with respect thereto.

7. In view of the well established credit of the Guarantors of Hyston, it is unnecessary to establish reserve funds for the payment of principal and interest.

8. The proposed Lease obligates Hyston unconditionally to pay the principal and interest of the Bonds and to pay other costs in connection therewith and contains an appropriate provision requiring Hyston to pay in lieu of taxes, such amounts as would otherwise be paid if Hyston owned the Project.

NOW THEREFORE BE IT RESOLVED BY THE SPARTANBURG
COUNTY BOARD OF CONTROL, IN MEETING DULY ASSEMBLED:

That the County Board finds that the facts above
set forth are in all respects true and correct and on such
basis determines to undertake the Project above described.

BE IT FURTHER RESOLVED:

That the Petition in form substantially as attached
hereto be presented to the State Budget and Control Board of
South Carolina to seek the approval required by Section 14 of
the Act and that such petition shall be accompanied by copies
of:

- (a) a certain Contract heretofore made between
the County Board and Hyston dated August 16, 1967,
- (b) a copy of a Resolution adopted by the
County Board on the 16th day of August,
1967, authorizing the construction of the
Project to commence forthwith and prior
to the sale of the Bonds.
- (c) a copy of the proposed Lease between the
County Board and Hyston,
- (d) a copy of the Guaranty of Hercules Incorporated
and Farbwerke Hoechst AG vormals Meister Lucius &
Brüning, and
- (e) a copy of the proposed Trust Indenture, and

That said Petition shall be duly executed by the
Chairman of the County Board and attested by its Secretary.

(SEAL)

C. B. Hayes

C. Barry Hayes, Chairman
Spartanburg County Board
of Control

Attest:

Dewey B. Blanton

Dewey B. Blanton, Executive
Administrative Assistant,
Spartanburg County Board of Control

STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG


I, the undersigned, Dewey B. Blanton, Executive Administrative Assistant of the Spartanburg County Board of Control, the State of South Carolina, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of the Resolution duly adopted by said Spartanburg County Board of Control at a meeting duly called and regularly held and attended by all members of the Board who remained present throughout the meeting.

That said Resolution was proposed, seconded and un-animously adopted and the same is in full force and effect and has not been modified, amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of the said County Board, this 30th day of August, 1967.

(SEAL)


Dewey B. Blanton,
Executive Administrative Assistant
Spartanburg County Board of Control

GUARANTY AGREEMENT dated as of October 1, 1967, from HERCULES INCORPORATED, a Delaware corporation ("Hercules"), and FARBWERKE HOECHST AG vormals Meister Lucius & Brüning, a corporation organized under the laws of the Federal Republic of Germany ("Hoechst"), to SPARTANBURG COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (the "County").

WHEREAS, Hercules and Hoechst (herein sometimes referred to as the "Guarantors") each now owns 50% of the outstanding capital stock of Hystron Fibers Incorporated, a Delaware corporation (the "Company"); and

WHEREAS, the County proposes to construct a synthetic fiber plant and related facilities (the "Project") in Spartanburg County, South Carolina, and to lease the Project to the Company pursuant to a Lease Agreement dated as of October 1, 1967, between the County and the Company (the "Lease Agreement"); and

WHEREAS, for the purpose of providing the funds required for the construction of the Project, the County proposes to issue and sell not in excess of an aggregate of \$85,000,000 principal amount of its Industrial Revenue Bonds (the "Bonds"), such Bonds to be issued under and secured by a Trust Indenture dated as of October 1, 1967, between the County and _____, as Trustee (the "Indenture"); and

WHEREAS, the Company desires to lease the Project from the County under and pursuant to the terms of the Lease Agreement and Hercules and Hoechst, in order to induce the County to enter into the Lease Agreement, propose to make the following joint and several guaranties;

NOW, THEREFORE, in consideration of the foregoing, the Guarantors and the County hereby agree as follows:

1. The Guarantors hereby jointly and severally unconditionally guarantee to the County the full and punctual payment by the Company, as and when the same shall become due and payable under the terms and provisions of the Lease Agreement and subject to the terms and provisions thereof, of all rents and other amounts payable from time to time by the Company under Article V or Clause (a) of Section 10.2 of the Lease Agreement, and, in the event of any failure to pay such rents and other amounts so payable, as and when the same shall become due and payable, agree to pay to the person or persons entitled thereto amounts equal thereto, whether or not the Lease Agreement shall have been terminated under bankruptcy or similar laws or otherwise. All such payments by the Guarantors shall be paid in such coin or currency of the United States of America as at the time of payment shall be legal tender therein for the payment of public and private debts. The Guarantors also jointly and severally unconditionally guarantee to the County the full and prompt performance by the Company of all of its covenants and obligations under the Lease Agreement other than those referred to in the preceding sentence, subject to the terms and provisions of the Lease Agreement. Hoechst agrees that any amounts to be paid by it under this Agreement shall, to the extent permitted by law, be paid without deduction for and free from any and all present and future taxes, levies, imposts, charges and withholdings whatsoever imposed, assessed, levied or collected by or for the account of the Federal Republic of Germany or any political subdivision or taxing authority thereof or therein, or any successor or successors thereto and, if any such deduction shall at any time be required by law Hoechst agrees to pay such additional amount under this Agreement as may be necessary in order that the net amount so paid after such deduction shall equal the full amount so payable pursuant to the Lease Agreement. If, because of amendment of the United States Internal Revenue Code, the County shall become subject to United States federal income taxes, the County shall use its best efforts, at the expense of Hoechst, to obtain credit or other recoupment against such federal income taxes otherwise payable by the County for any such

German taxes, levies, imposts, charges and withholdings so paid, and shall refund to Hoechst the amount, if any, by which such credit or recoupment exceeds any increase in United States federal income taxes payable by the County resulting from the additional amount paid by Hoechst as provided in the preceding sentence. The amount of such refund with respect to any payment by Hoechst shall be finally determined in the light of the facts known at the date on which the County files its United States federal income tax return for the year in which such payment is received.

2. In case either of the Guarantors shall fail forthwith to pay upon demand of the County or the Trustee under the Indenture any amounts due pursuant to paragraph 1 hereof, the County or the Trustee under the Indenture shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce such judgment or final decree against either of the Guarantors and collect in the manner provided by law out of the property of either of the Guarantors, wherever situated, the moneys adjudged or decreed to be payable.

3. Hoechst hereby irrevocably consents and agrees that any legal action or proceeding against it arising out of or in any way connected with this Agreement may be instituted in the courts of the Federal Republic of Germany or in any court of the United States of America or the State of New York located in New York County, New York, U. S. A., and hereby irrevocably waives any objection which it may have now or hereafter to the laying of venue of any such action or proceeding, and irrevocably submits to the jurisdiction of any such court in any such action or proceeding. Hoechst hereby irrevocably authorizes, appoints and designates The Corporation Trust Company, 120 Broadway, New York, New York 10005, U. S. A., as its Agent (the "Agent") upon whom summons and/or legal process in any such legal action or proceeding in any such court in New York County may be served, and hereby directs the Agent promptly to notify Hoechst of such service by cable, and to forward any and all such summons and/or legal process by registered or certified United States air mail, postage prepaid, to Hoechst at Frankfurt (M)—Höchst, Germany, Attention: Legal Department. Hoechst further irrevocably consents and agrees that (i) service of any such summons and/or legal process upon the Agent at its principal office in the Borough of Manhattan, City and State of New York, U. S. A., and the mailing of a copy of such summons and/or legal process by the person instituting such action or proceeding to Hoechst at Frankfurt (M)—Höchst, Germany, Attention: Legal Department, or (ii) the mailing in the manner aforesaid of any such summons and/or legal process to Hoechst, shall in every respect constitute sufficient and effective service of process upon Hoechst in any such legal action or proceeding in any such court located in New York County. Hoechst agrees to take any and all action necessary to continue such designation and appointment of The Corporation Trust Company as Agent of Hoechst for such service of process in full force and effect (including, without limiting the generality thereof, the prompt payment of the fees of The Corporation Trust Company for serving in such capacity). Should the Agent become unable or unwilling to serve in such capacity for any reason, Hoechst, upon request by the County or its assigns hereof, shall forthwith designate a new agent within the Borough of Manhattan, City and State of New York, for the purposes of this paragraph. Hoechst further agrees that final judgment against it in any such legal action or proceeding shall be conclusive and may be enforced in any other jurisdiction within or outside the United States of America, by suit on such judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and the amount of its obligations thereunder.

4. Neither of the Guarantors will consolidate or merge with or sell or convey all or substantially all of its property except with or to a corporation which shall expressly assume in writing all the liabilities and obligations of such Guarantor under this Agreement (unless such successor corporation is such Guarantor).

5. Each Guarantor shall, to the extent of any payments made by it pursuant to this Agreement, be subrogated to all rights of the County as to all rents and other payments and damages payable by the Company with respect to which such payments shall be made by such Guarantor, but, so long as

any of the Bonds (as defined in the Lease Agreement) remain outstanding under the terms of the Indenture, such right of subrogation on the part of such Guarantor shall be in all respects subordinate to all rights and claims of the County for all other rents or other payments or damages which shall be or become due and payable by the Company under the provisions of Article V or Clause (a) of Section 10.2 of the Lease Agreement or otherwise arising under the provisions of the Lease Agreement.

6. Each Guarantor hereby consents to the assignment of this Agreement and all rights of the County hereunder, except rights with respect to its guarantee of the Company's obligations to pay amounts pursuant to Section 5.5 of the Lease Agreement, to the Trustee under the Indenture as further security for the payment of the principal of, premium, if any, and interest on all Bonds, and upon such assignment, agrees (i) to make all payments at any time due and payable by it hereunder, except payments with respect to its guarantee of the Company's obligations to pay amounts pursuant to Section 5.5 of the Lease Agreement, directly to such Trustee, in the manner and with the effect provided in the Lease Agreement and the Indenture and (ii) as respects its guarantee contained in Paragraph 1 of this Agreement, waives any prior notice to or demand upon the Company or any other action against the Company as a condition to its liability thereunder and hereby covenants that such guarantee will not be discharged except by payment as herein provided and then only to the extent of such payment, regardless of any change of circumstances, whether foreseen or foreseeable, whether or not imputable to either or both of the Guarantors, and whether or not such change of circumstances shall or would in any manner and to any extent vary the risk of either or both of the Guarantors under this Agreement.

This Agreement, and the guarantee herein expressed of each of the Guarantors, shall remain effective and continue in full force and effect whether or not there shall be any modification or amendment of the Lease Agreement or the Indenture (whether with or without the consent of either or both of the Guarantors).

7. Upon payment in full of all the Bonds (as defined in the Lease Agreement), or upon provision having been made as provided in the Indenture for such payment in full of all such Bonds, all liability of each of the Guarantors hereunder with respect to any rentals or other payments or damages becoming or to become due and payable thereafter shall cease and be discharged and the County shall execute and deliver to each Guarantor an appropriate instrument in writing evidencing the release and discharge of such Guarantor from any and all such further liability under this Agreement.

8. Each of the Guarantors hereby agrees that its obligations under this Agreement shall be absolute and unconditional irrespective of the validity or enforceability of the obligations of the other Guarantor under this Agreement, the absence of any action to enforce such obligations of such other Guarantor, any waiver or consent by any such other Guarantor with respect to any of the provisions hereof or any other circumstance which might otherwise constitute a discharge or defense by a guarantor, including, without limitation, any failure or delay in the enforcement of the obligations of such other Guarantor with respect to this Agreement or of notice thereof.

9. This Agreement may be amended, modified or discharged only upon the agreement in writing of the Guarantors and of the County and, upon its assignment to the Trustee under the Indenture, of such Trustee when duly authorized so to do by consent of the holders of all the Bonds at the time then outstanding given and procured as in Section 1202 of the Indenture provided.

10. This Agreement shall be binding upon and inure to the benefit of the parties hereto, the Trustee under the Indenture and their respective successors and assigns.

11. This Agreement is made under and shall be construed and enforced in accordance with the laws of the State of New York.

12. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

HERCULES INCORPORATED

by

FARBWERKE HOECHST AG vormals MEISTER
LUCIUS & BRÜNING

by

by

SPARTANBURG COUNTY, SOUTH CAROLINA

by
The Chairman, Spartanburg County
Board of Control

STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG

TO THE STATE BUDGET AND CONTROL

BOARD OF SOUTH CAROLINA

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)
) P E T I T I O N
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Petition of the Spartanburg County Board of Control
(the County Board) pursuant to the Act of the General
Assembly of the State of South Carolina bearing Ratification
No. R149, enacted at its 1967 Session respectfully shows:

1. The County Board is the governing body of Spartan-
burg County and was so constituted by the statute now codified
as Section 14-3301, Code of Laws of South Carolina, 1962, and
as such it is the "County Board" referred to in the Act of
the General Assembly enacted at its 1967 Session bearing
Ratification No. R149 (The Act).
2. The Act authorizes and empowers the County Board,
if it shall comply with the provisions set forth in the Act,
to acquire land, buildings and other improvements deemed
necessary, suitable and useful for the construction of an
enterprise for manufacturing; to lease the same; and to finance

the acquisition of the same through the issuance of Bonds payable from and secured by a pledge of the revenues to be derived from such enterprise.

3. Hystron Fibers Incorporated (Hystron) is the owner of a tract of land in Spartanburg County on which there is now located a plant designed for the manufacture of synthetic fibers. Hystron and the County Board have agreed that the County Board will acquire a portion of said tract from Hystron and will construct thereon new facilities for the manufacture of synthetic fibers (the Project), at a presently estimated cost of \$75 million, including all costs of financing and interest to accrue during the period of time permitted by the Act. The Project will be leased to Hystron.

4. The proposed written agreement between the County Board and Hystron (the Lease) will take note of the fact that the construction of the Project will require a considerable period of time and that during the period of construction contingencies presently unforeseen may arise which might result in higher expenditures. By reason of this fact, the Lease will provide for the issuance, if necessary to pay for the completion of the Project, of additional Bonds in the principal amount of not exceeding \$10 million.

5. The construction of the Project will provide considerable employment, during the period of construction, and will result in the employment of several hundred persons in its operation.

6. For the reasons above set forth and hereafter disclosed, the County Board has found:

(a) That the proposed Hyston Project will subserve the purposes of the Act.

(b) That by reason of undertaking the Project no pecuniary liability will result to the County nor will there be a charge against its general credit or taxing power.

(c) That the annual amount necessary to pay the principal and interest of the proposed Bonds, whose proceeds will be used to finance the Project, will be approximately \$6,000,000. The exact amount required for this purpose cannot be ascertained until the Bonds are actually marketed but the estimate herewith made is a conservative one as to the annual debt service requirements of the Bonds.

(d) All obligations of Hyston under the Lease will be guaranteed by the unconditional joint and several guaranty of Hercules Incorporated and Farbwerke Hoechst AG vormals Meister Lucius & Brüning, both corporations with established credit, for which reason it has been determined

that there is no need for providing a reserve fund for the payment of the Bonds.

(e) That the terms of the Lease will require Hyston to carry proper insurance and to pay all costs of maintaining the Project in good repair.

7. Pursuant to Section 14 of the Act, the County Board sets forth the following information:

(a) The Project to be undertaken consists of manufacturing facilities with all necessary appurtenances for the manufacture of synthetic fibers.

(b) The Project will provide considerable employment both during the period of its construction and thereafter during the period of its operation. In addition, the Project will provide a source of raw material, viz., synthetic fiber which can be utilized by many textile operations throughout South Carolina and adjoining areas. It is therefore believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) A reasonable estimate of the cost of the Project is \$75 million but is it possible that its cost may amount to as much as \$85 million.

8. The proposed Lease will provide, among other things, the following:

(a) The County will cause the construction of the Project within specifications furnished by, and under the supervision of representatives of Hyston.

(b) To finance the cost of the acquisition and construction the County will initially issue \$75 million of Spartanburg County Industrial Revenue Bonds and if required for the completion of the Project up to but not in excess of \$10 million additional Bonds. All Bonds will be secured by a pledge of the rents to be paid by Hyston and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to a yet unnamed bank as Trustee.

(c) The proceeds derived from the payment of the Bonds will be deposited with the Trustee and will be withdrawn and applied solely for the payment of costs incident to the acquisition and construction of the Project and for expenses incurred in connection with the issuance of the Bonds and interest to accrue during the period of time permitted by the Act.

(d) The Lease contains a covenant obligating Hyston to complete the Project at its own expense in the event that the proceeds of the Bonds authorized for the Project prove insufficient to provide all costs incident thereto.

(e) The Lease provides that if the cost of the Project is less than anticipated, all surplus bond proceeds will be applied to the payment of the principal and interest of the Bonds.

(f) The Lease contains a specific provision by which Hystron has unconditionally agreed to make payments to Spartanburg County, to the School District of Spartanburg County and to all other political units in which the Project is situated, in lieu of taxes, in such amounts as would result from taxes levied on the Project by Spartanburg County by the said School District and by said other political units if the Project were owned by Hystron, but with appropriate reductions similar to the tax reductions, if any, which would be afforded by Hystron were it the owner of the Project.

(g) The Lease contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers.

9. The proposed Trust Indenture is in conventional form and constitutes a forecloseable mortgage upon the Project. Included in the granting clause of the mortgage will be:

(a) All real property and interests therein, acquired or to be acquired for the Project.

(b) All machinery, equipment and other property to be installed on the Project,

(c) The right, title and interest of the County in the Lease,

(d) The right, title and interest of the County in the Guaranty Agreement, and

(e) All rentals and revenues derived by the County under the Lease, except those payments to be made in lieu of taxes.

The Indenture makes provision for the issuance of not exceeding \$85 million of Bonds to be secured thereunder. It provides for the payment and redemption of the Bonds, the establishment of a Bond Fund into which the proceeds of the rents payable by Hyston are placed and the use of said fund for the payment of the Bonds. It imposes upon Hyston as lessee of the Project, the obligation to pay, in addition to the monies required for the payment of the principal and interest of the Bonds, all other costs and expenses resulting from the execution and delivery of the Indenture and the issuance of the Bonds pursuant thereto.

10. Presented with this Petition are copies of the proposed Lease, the proposed Guaranty Agreement and the proposed Trust Indenture. While there may be changes in these documents

before their execution, the changes will relate to matters of form and not to matters of substance.

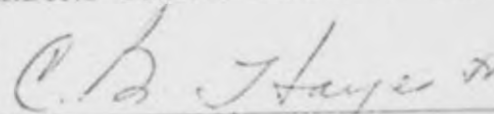
Upon the basis of the foregoing, the County Board respectfully prays,

THAT the State Board accept the filing of the petition presented herewith and that it do, thereafter, and as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease, the Guaranty Agreement and the Trust Indenture as it deems advisable, and that thereafter, the State Board make a finding that the proposed Project will promote the purposes of the Act and that it is reasonably anticipated to effect such result, and on the basis of such finding that it does approve the Project, and give published notice of its approval in the manner set forth in Section 14 of the Act.

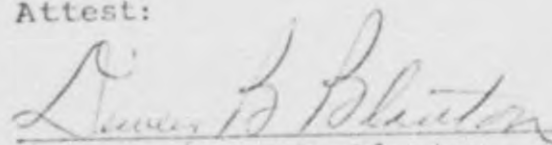
Respectfully submitted,

SPARTANBURG COUNTY BOARD OF CONTROL

(SEAL)


C. Barry Hayes,
Chairman, Spartanburg County Board of
Control

Attest:


Dewey B. Blanton,
Executive Administrative Assistant
Spartanburg County Board of Control

SPARTANBURG COUNTY
and
HYSTRON FIBERS INCORPORATED

Lease Agreement

Dated as of October 1, 1967

LEASE AGREEMENT

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THIS LEASE AGREEMENT dated as of October 1, 1967, between SPARTANBURG COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the Spartanburg County Board of Control, which is the governing body of Spartanburg County as constituted by Article 1, Chapter 58, Title 14, Code of Laws of South Carolina, 1962, party of the first part, and HYSTRON FIBERS INCORPORATED, a corporation organized and existing under the laws of the State of Delaware, duly qualified to conduct business in the State of South Carolina, party of the second part.

WITNESSETH

In consideration of the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided, that in the performance of the agreements of the party of the first part herein contained, any obligation it may thereby incur for the payment of money shall not create a pecuniary liability or a charge upon its general credit or against its taxing powers but shall be payable solely out of the proceeds derived from this agreement, the sale of the bonds referred to in Section 2.1 hereof and the insurance proceeds, proceeds from released property and condemnation awards as herein provided):

ARTICLE I

Definitions

"*Act*" means an Act bearing Ratification No. R-149 enacted at the 1967 Session of the General Assembly of South Carolina, and approved by the Governor of South Carolina on March 21, 1967.

"*Authorized County Representative*" means the person at the time designated to act in behalf of the County by written certificate furnished to the Lessee and the Trustee containing the specimen signature of such person and signed on behalf of the County by the Secretary of the County Board. Such certificate may designate an alternate or alternates.

"*Authorized Lessee Representative*" means the person at the time designated to act in behalf of the Lessee by written certificate furnished to the County and the Trustee containing the specimen signature of such person and signed on behalf of the Lessee by the president or any vice president of the Lessee. Such certificate may designate an alternate or alternates.

"*Bonds*" means the Industrial Revenue Bonds of the County to be issued pursuant to the Indenture.

"*Bond Fund*" means the Bond Fund created in Section 502 of the Indenture and referred to herein.

"*Building*" means those certain buildings and all other facilities forming a part of the Project and not constituting part of the Leased Equipment which are required by Section 4.1(a) hereof to be constructed on the Leased Land, as they may at any time exist.

"*Completion Date*" means the date of completion of the construction of the Building and the installation therein of the Leased Equipment as that date shall be certified as provided in Section 4.5 hereof.

"*Construction Fund*" means the Construction Fund created in Section 602 of the Indenture and referred to herein.

"*Construction Period*" means the period between the beginning of construction or the date on which Bonds are first delivered to purchasers thereof (whichever is earlier) and the Completion Date.

"*County*" means Spartanburg County, South Carolina, a body politic and corporate, and its successors and assigns.

"*County Board*" means the Spartanburg County Board of Control, and any successor body.

"Guarantors" mean Hercules Incorporated, a Delaware corporation, and Farbwerke Hoechst AG Vormals Meister Lucius & Brüning, a corporation organized under the laws of the Federal Republic of Germany, each of which now owns 50% of the outstanding capital stock of the Lessee and each of which has unconditionally guaranteed performance of the obligations of the Lessee under this agreement pursuant to a Guaranty Agreement dated as of October 1, 1967, between the Guarantors and the County and attached hereto as Exhibit "C".

"Indenture" means the Trust Indenture between the County and _____, as Trustee, of even date herewith, pursuant to which (i) the Bonds are authorized to be issued and (ii) the County's interest in this agreement and the lease rentals, revenues and receipts received by the County from the Project (except payments pursuant to Section 5.5 of this agreement) are pledged and the Project is mortgaged as security for the payment of principal, premium, if any, and interest on the Bonds, including any indenture supplemental thereto.

"Independent Counsel" means an attorney duly admitted to practice law before the highest court of any state and not an employee of either the County or the Lessee.

"Independent Engineer" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina and who or which is not a full time employee of either the County or the Lessee or either of the Guarantors.

"Lease Term" means the duration of the leasehold estate created in this agreement as specified in Section 5.1 hereof.

"Leased Equipment" means those items of machinery, equipment and related property required herein to be acquired and installed in the Building or elsewhere on the Leased Land with proceeds from the sale of the Bonds or the proceeds of any payment by the Lessee pursuant to Section 4.6 hereof and any item of machinery, equipment and related property acquired and installed in the Building or elsewhere on the Leased Land in substitution therefor and renewals and replacements thereof pursuant to the provisions of Sections 4.1(b), 6.1, 6.2(a), 7.1 and 7.2 hereof and is further defined as all property owned by the County and hereby leased to the Lessee which is not included in the definition of Leased Land or Building, but not including Lessee's own machinery and equipment installed under the provisions of Section 9.7 hereof. Leased Equipment is more particularly described in Exhibit "B" attached hereto which, by this reference thereto, is incorporated herein.

"Leased Land" means the real property and interests therein described in Exhibit "A" attached hereto which, by this reference thereto, is incorporated herein, together with all additions thereto and substitutions therefor.

"Lessee" means (i) the party of the second part hereto and its successors and assigns and (ii) any surviving, resulting or transferee corporation as provided in Section 8.3 hereof.

"Licensed Engineer" means an engineer or engineering firm registered and qualified to practice the profession of engineering under the laws of South Carolina.

"Net Proceeds", when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees and any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this agreement and the Indenture, (iii) utility, access and other easements and rights of way, restrictions and exceptions that a licensed engineer certifies will not interfere with or impair the operations being conducted in the Building (or, if no operations are being conducted therein, the operations for which the Building was designed or last modified) and (iv) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect

to properties similar in character to the Project and as do not, in the opinion of an Independent Counsel, materially impair the property affected thereby for the purpose for which it was acquired or is held by the County.

"Project" means the Leased Land, the Building and the Leased Equipment.

"Project Supervisor" means the project supervisor or supervisors who at the time shall have been designated as such in or pursuant to the provisions of Section 4.7 hereof.

"Trustee" means the trustee and/or the co-trustee at the time serving as such under the Indenture.

ARTICLE II

Representations

SECTION 2.1. *Representations by the County.* The County makes the following representations as the basis for the undertakings on its part herein contained:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina, and is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this agreement and to carry out its obligations hereunder. The Project constitutes and will constitute a "project" within the meaning of the Act. By proper action by the County Board and the State Budget and Control Board of South Carolina the County has been duly authorized to execute and deliver this agreement.

(b) The County proposes to acquire the Leased Land from the Lessee, proposes to construct thereon the Building, proposes to acquire and install the Leased Equipment in the Building or on the Leased Land, proposes to acquire, install and construct all real and personal property deemed necessary in connection with the Project, and proposes to lease the Project to the Lessee and to sell the Project to the Lessee at the expiration or earlier termination of the Lease Term, all for the purposes of promoting the industrial development, developing the trade, and utilizing and employing the manpower, agricultural products and natural resources of South Carolina. The County (i) has obtained a commitment to acquire Leased Land and (ii) agrees to use its best efforts to procure from the appropriate state, county, municipal and other authorities and corporations connection and discharge arrangements for the supply of water, gas, electricity and other utilities and sewage and industrial waste disposal for the operation of the Project.

(c) To finance the cost of acquiring, constructing and equipping the Project, the County proposes to issue up to but not in excess of \$85,000,000 aggregate principal amount of the Bonds. Initially the County proposes to issue \$75,000,000 aggregate principal amount of the Bonds which will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

SECTION 2.2. *Representations by the Lessee.* The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessee is a corporation duly incorporated under the laws of Delaware, is in good standing under its charter and the laws of Delaware and South Carolina, and has power to enter into this agreement and by proper corporate action has been duly authorized to execute and deliver this agreement.

(b) The leasing by the County of the Project to the Lessee will induce the Lessee to expand its manufacturing and industrial enterprise in Spartanburg County, South Carolina.

(c) The Lessee intends to operate the Project as a manufacturing plant from the Completion Date to the expiration or earlier termination of the Lease Term as provided herein for the manufacture of (i) synthetic fibers, and (ii) such other products as the Lessee may deem appropriate.

ARTICLE III

Demising Clauses

SECTION 3.1. *Demise of the Leased Land and Building and the Leased Equipment.* The County demises and leases to the Lessee, and the Lessee leases from the County, the Leased Land, the Building and the Leased Equipment at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this agreement.

SECTION 3.2. *Warranty of Title.* The County warrants that it will acquire good and marketable fee simple title to the Leased Land to be conveyed as security for the Bonds, free from all encumbrances other than Permitted Encumbrances, and the County will promptly furnish, upon request by Lessee, a written opinion of Independent Counsel that it has good and marketable fee simple title to the Leased Land.

ARTICLE IV

Commencement and Completion of the Project; Issuance of the Bonds

SECTION 4.1. *Agreement to Construct and Equip the Building on the Leased Land.* The County agrees to acquire the Leased Land from the Lessee, in accordance with the existing commitment made to the County by the Lessee, prior to the delivery of the Bonds. Subject to the provisions of Section 4.6 hereof the County agrees that:

(a) It will cause the Building to be constructed on the Leased Land, wholly within the boundary lines thereof, the Building to consist of a building or buildings comprising a manufacturing plant and appurtenant facilities not included in Leased Equipment for the manufacture, processing, storing, warehousing, distributing and selling of (i) synthetic fibers and (ii) such other products as the Lessee may deem appropriate, and will cause to be acquired, constructed and installed other facilities on the Leased Land and real and personal property and easements deemed necessary for the operation of the Project in accordance with a general description heretofore furnished to the County by the Lessee.

(b) It will cause to be acquired and installed in the Building or on the Leased Land for use of Lessee the Leased Equipment, to consist of the machinery, equipment and related property described in the general list thereof in Exhibit "B" attached hereto, and incorporated herein by reference thereto, and such other items of machinery and equipment, including any structure essentially such an item, any enclosure closely combined with any such item, and any transportation facility and equipment used as an integral part of the Project, which in Lessee's judgment may be necessary for operation of the Project and as shall from time to time prior to the Completion Date be specified in written orders from the Lessee to the County, all of which acquisitions and installations shall be made in accordance with Lessee's specifications and directions.

The County agrees that only such changes will be made in the said specifications as may be specified by the Lessee. The County agrees that it will enter into, or accept the assignment of, such contracts as the Lessee may request in order to effectuate the purposes of this Section but that it will not execute any other contract or give any order for such construction or for the acquisition and installation of Leased Equipment unless and until the Lessee shall have approved the same in writing.

The County agrees to effect the completion of the construction of the Building as promptly as practicable after receipt of proceeds from the sale of Bonds and to continue the said construction with all reasonable dispatch. The County agrees to effect the acquisition and installation of the Leased Equipment as promptly as practicable after specification by the Lessee of the items to be installed and the installation schedule desired by the Lessee.

SECTION 4.2. *Agreement to Issue Bonds; Application of Bond Proceeds.* In order to provide funds for payment of the costs of acquisition, construction and installation provided for in Section 4.1 hereof, the County agrees that it will, by _____, sell and cause to be delivered to the initial purchasers thereof \$75,000,000 aggregate principal amount of the Bonds and it will thereupon (i) deposit in the Bond Fund all accrued interest received on the sale of the Bonds and (ii) deposit in the Construction Fund the balance of the proceeds received from said sale.

If the Lessee shall after one year from the date of delivery of the Bonds initially issued and prior to the Completion Date notify the County that the net proceeds from the sale of the \$75,000,000 aggregate principal amount of the Bonds initially issued are not sufficient to pay all of the costs of the Project, the County hereby agrees that it will, at one time or from time to time, as expeditiously as practicable, sell and cause to be delivered to the purchasers thereof up to an additional \$10,000,000 aggregate principal amount of the Bonds (ranking *pari passu* with the aforesaid initial issuance of the Bonds) bearing such date or dates and interest rate or rates and with such maturities, redemption provisions, in such principal amount (up to said limit) and at such prices as are approved in writing by the Lessee, and it will thereupon (i) deposit in the Bond Fund a sum equal to the accrued interest, if any, from the date of such Bonds to the date of delivery paid by the purchasers of such Bonds and (ii) deposit in the Construction Fund the balance of the proceeds received from such sale.

SECTION 4.3. *Disbursements from the Construction Fund.* The County will in the Indenture authorize and direct the Trustee to use the moneys in the Construction Fund for the following purposes (but, subject to the provisions of Section 4.9 hereof, for no other purposes):

(a) Payment of the initial or acceptance fee of the Trustee, the fees for recording the deeds whereby the Leased Land has been or is to be conveyed to the County, this agreement, the Indenture and any title curative documents that either the Lessee or Independent Counsel may deem desirable to file for record in order to perfect or protect the title of the County to the Leased Land and the fees and expenses in connection with any actions or proceedings that either the Lessee or Independent Counsel may deem desirable to bring in order to perfect or protect the title of the County to the Leased Land.

(b) Payment to the Lessee and the County, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the County in full for all advances and payments made by them or either of them prior to or after the delivery of the Bonds for expenditures in connection with (i) the acquisition by the County of title to the Leased Land (including the cost of the Leased Land), and the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof) and (ii) clearing the Leased Land, the construction of the Building, the acquisition and installation of the Leased Equipment and the construction, acquisition and installation necessary to provide utility services or other facilities, and all real or personal properties deemed necessary in connection with the Project, or any one or more of said expenditures (including architectural, engineering and supervisory services with respect to any of the foregoing); provided, that each such payment shall be made only upon receipt by the Trustee of a written order by the Authorized County Representative, in the case of payments and advances made by the County, and the Authorized Lessee Representative, approved in writing by the Project Supervisor.

(c) Payment of the legal and accounting fees and expenses and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Bonds, the preparation of this agreement, the Indenture and all other documents in connection therewith and in connection with the acquisition of title to the Leased Land, Building and Leased Equipment.

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and in the construction of the Building, all as provided in the specifications therefor, payment for the cost of the acquisition of the Leased Equipment and the installation thereof, pay-

ment for the cost of the construction, acquisition and installation of utility services or other facilities, and all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous expenses incidental to any of the foregoing items including the premium on any surety bond; provided, that each such payment shall be made only upon a written order by the Project Supervisor, approved in writing by the Authorized Lessee Representative.

(c) Payment of the fees, or out-of-pocket expenses of the Lessee, if any, for architectural, engineering and supervisory services with respect to the Project; provided, that each such payment shall be made only upon receipt by the Trustee of a written order by the Project Supervisor, approved in writing by the Authorized Lessee Representative.

(f) Payment to the Trustee, as such payments become due, of the fees and expenses of the Trustee (as Trustee, Bond Registrar and paying agent) and of any paying agent properly incurred under the Indenture that may become due during the Construction Period, or reimbursement thereof if paid by the Lessee, and payment into the Bond Fund of interest on the Bonds during the Construction Period and for one year after the Completion Date.

(g) To such extent as they shall not be paid by a contractor for construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period under this agreement, or reimbursement thereof if paid by the Lessee.

(h) Payment of the taxes, assessments and other charges, if any, referred to in Section 6.3 hereof that may become payable during the Construction Period, or reimbursement thereof if paid by the Lessee.

(i) Payment of expenses incurred with approval of the Lessee in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(j) Payment of any other costs and expenses relating to the Project that may be approved in writing by the Authorized County Representative, the Authorized Lessee Representative and the Project Supervisor.

(k) All moneys remaining in the Construction Fund after completion of the construction of the Building and acquisition and installation of the Leased Equipment and payment in full of the costs thereof, and after payment of all other items provided for in the preceding subsections (a) to (j), inclusive, of this Section, shall at the direction of the Lessee be (i) used by the Trustee for the purchase of Bonds in the open market for the purpose of cancellation, at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery, or (ii) paid into the Bond Fund, except for amounts retained by the Trustee with the approval of the Project Supervisor and the Authorized Lessee Representative for payment of Project costs not then due and payable, any balance remaining of such retained funds after full payment of all such Project costs to be used by the Trustee as directed by the Lessee in the manner specified in clauses (i) and (ii) of this subsection.

It is further agreed that:

(a) Each of the payments referred to in the preceding subsections (a), (c), (g), (h), and (i) of this Section shall be made only upon receipt by the Trustee of a written order by the Authorized Lessee Representative.

(b) Before any of the payments referred to in the preceding subsections (b)(ii), (d), (e) and (j) of this Section may be made, the Project Supervisor shall certify with respect to each such payment: (i) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Construction Fund and (ii) that each item for which the payment is proposed to be made is or was necessary in connection with the Project.

(c) In the case of any contract providing for the retention by the County of a portion of the contract price, there shall be paid from the Construction Fund only the net amount remaining after deduction of any such portion.

(d) In making any such payment from the Construction Fund, the Trustee may rely on any such requisitions and certificates delivered to it pursuant to this Section and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such requisitions and certificates.

SECTION 4.4. *Obligation of the Parties to Cooperate in Furnishing Documents to Trustee.* The Lessee agrees to cooperate with the County in furnishing to the Trustee the documents referred to in Section 4.3 hereof that are required to effect payments out of the Construction Fund, and the County agrees to cause such orders to be directed by the Authorized County Representative to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 4.3 hereof. Such obligation of the County is subject to any provisions of the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Construction Fund available for payment under the terms of the Indenture.

SECTION 4.5. *Establishment of Completion Date.* The Completion Date shall be evidenced to the Trustee by a certificate signed by the Project Supervisor stating that, except for amounts retained by the Trustee for Project costs not then due and payable as provided in Section 4.3(k), (i) construction of the Building has been completed in accordance with the specifications therefor and all labor, services, materials and supplies used in such construction have been paid for, (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the specifications therefor and all costs and expenses incurred in connection therewith have been paid and (iii) the Leased Equipment has been installed to his satisfaction, the Leased Equipment so installed is suitable and sufficient for the efficient operation of the Project for the purposes specified in Section 4.1(a) hereof and all costs and expenses incurred in the acquisition and installation of the Leased Equipment have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. The County and the Lessee agree to cooperate one with the other in causing such certificate to be furnished to the Trustee.

SECTION 4.6. *Lessee Required to Pay Construction and Equipment Costs in Event Construction Fund Insufficient.* In the event the moneys in the Construction Fund available for payment of the costs of the Project (including moneys from the proceeds of any additional Bonds issued pursuant to Section 209 of the Indenture to finance completion of the Project) should not be sufficient to pay the costs thereof in full, the Lessee agrees to complete the Project and to pay all that portion of the costs of the Project as may be in excess of the moneys available therefor in the Construction Fund. The County does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions of this agreement, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Construction Fund the Lessee should pay any portion of the said costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the County or from the Trustee or from the holders of any of the Bonds, nor shall it be entitled to any diminution of the rents payable under Section 5.3 hereof.

SECTION 4.7. *Project Supervisor.* _____ is hereby designated as the Project Supervisor for the purpose of taking all actions and making all certificates required to be taken and made by the Project Supervisor under the provisions of this agreement; and _____ is hereby designated as alternate Project Supervisor to take any such action or make any such certificate if the same is not taken or made by the Project Supervisor. In the event either of said persons, or any successor appointed under the provisions of this Section, should become unavailable or unable to take any action or make any certificate provided for in this agreement, another Project Supervisor

or alternate Project Supervisor shall thereupon be appointed by the County pursuant to designation for that purpose made by the Lessee. If the Lessee fails to make such designation within ten days after written notice by the County to the Lessee of the date when the then incumbent becomes unavailable or unable to take any of the said actions, the County may then appoint as a successor any architect or engineer licensed under the laws of South Carolina.

SECTION 4.8. County to Pursue Remedies Against Contractors and Subcontractors and Their Sureties. In the event of default of any contractor or subcontractor under any contract made by it in connection with the Project or in the event of breach of warranty with respect to any materials, workmanship, or performance guarantee, the County will promptly proceed (subject to the Lessee's advice to the contrary), either separately or in conjunction with the Lessee, to exhaust the remedies of the County against the contractor, subcontractor or supplier so in default and against each surety for the performance of such contract. The County agrees to advise the Lessee of the steps it intends to take in connection with any such default. If the Lessee shall so notify the County, the Lessee may, in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Lessee deems reasonably necessary, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to the Completion Date shall be paid into the Construction Fund and after the Completion Date shall be paid into the Bond Fund.

SECTION 4.9. Investment of Construction Fund Moneys Permitted. Any moneys held as a part of the Construction Fund shall at the written request of the Authorized Lessee Representative be invested or reinvested by the Trustee in (i) obligations of the United States and agencies thereof; (ii) general obligations of the State of South Carolina or any of its political units; (iii) Savings and Loan Associations to the extent that the same are secured by the Federal Deposit Insurance Corporation; (iv) certificates of deposit where such certificates of deposit are collaterally secured by securities of the type described in (i) and (ii) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; or (v) to the extent such investments are not prohibited by law for investment of bond proceeds by the County, certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, which have a combined capital and surplus of at least \$70,000,000, or prime commercial paper. Such investments shall be as specified by the Authorized Lessee Representative.

ARTICLE V

Effective Date of This Agreement; Duration of Lease Term; Rental Provisions

SECTION 5.1. Effective Date of this Agreement; Duration of Lease Term. This agreement shall become effective upon its delivery, and the leasehold estate created in this agreement shall then begin, and, subject to the provisions of this agreement (including particularly Articles X and XI hereof), shall expire October 1, 1987.

SECTION 5.2. Delivery and Acceptance of Possession. The County agrees to deliver to the Lessee sole and exclusive possession of the Project (subject to the right of the County and the Trustee to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof) on the Completion Date and the Lessee agrees to accept such possession of the Project upon such delivery; provided that prior to such date for delivery of sole and exclusive possession the Lessee may take such possession of the Project as it may deem desirable.

SECTION 5.3. Rents and Other Amounts Payable. At least seven days before April 1, 1968, and at least seven days before each April 1 and October 1 thereafter until the principal of, premium, if

any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee shall pay to the Trustee as rent for the Project (i) if such date is October 1, a sum equal to the amount payable on such date as principal (whether at maturity or by sinking fund redemption as provided in Section 305 of the Indenture) and interest upon the Bonds and (ii) if such date is April 1, a sum equal to the amount payable on such date as interest upon the Bonds, as provided in the Indenture.

In any event each rental payment under this Section shall be sufficient to pay the total amount of interest or interest and principal (whether at maturity or by redemption as provided in Sections 301 and 305 of the Indenture or by acceleration as provided in Section 1002 of the Indenture) and premium, if any, payable on the next succeeding semi-annual interest payment date, and if at any interest payment date the balance in the Bond Fund is insufficient to make required payments of principal (whether at maturity or by redemption as provided in Sections 301 and 305 of the Indenture or by acceleration as provided in Section 1002 of the Indenture) and premium, if any, and interest on such date the Lessee will forthwith pay any such deficiency; provided that any amount at any time held by the Trustee in the Bond Fund shall be credited against the next rental payment to the extent such amount is in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or coupons have not been presented for payment; and provided further, that if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the provisions of this Section.

The Lessee agrees to pay to the Trustee until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Indenture, (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as Trustee, rendered and its ordinary expenses, as Trustee, incurred under the Indenture, as and when the same becomes due, (ii) reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any other paying agents on the Bonds for acting as paying agents as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating a default hereunder, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses.

In the event the Lessee should fail to make any of the payments required in this Section 5.3 the item or installment so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon at the rate of 6% per annum until fully paid. The provisions of this Section shall be subject to the provisions of Section 9.6 hereof.

SECTION 5.4. *Place of Rental Payments.* The rent provided for in Section 5.3 hereof shall be paid directly to the Trustee for the account of the County and will be deposited in the Bond Fund. The additional payments to be made to the Trustee under Section 5.3 hereof shall be paid directly to the Trustee for its own use or for disbursement to the paying agents, as the case may be.

SECTION 5.5. *Payments in Lieu of Taxes.* Lessee shall make payments to the County, the school district or school districts, and all other political units wherein the Project is located, in lieu of taxes, in such amounts as would result from taxes levied on the Project by the County, and such school district or school districts and other political units if the Project were owned by the Lessee, but with appropriate reductions similar to the tax exemptions, which would be afforded to the Lessee if it were the owner of the Project.

In the event the Lessee should fail to make any of the payments required in this Section 5.5, the amount or amounts so in default shall continue as an obligation of the Lessee until fully paid, and the Lessee agrees to pay the same with interest thereon at the rate of 6% per annum until fully paid.

SECTION 5.6. *Obligations of Lessee Hereunder Unconditional.* Subject to the provisions of this Section and Section 9.6 hereof, the obligations of the Lessee to make the payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and until such time as the principal of, and interest and premium, if any, on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof, (ii) will perform and observe all of its other agreements contained in this agreement, and (iii) except as provided in Section 11.1 will not terminate the Lease Term for any cause including, without limiting the generality of the foregoing, failure of the County to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of South Carolina or any political subdivision of either thereof or any failure of the County to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this agreement. Nothing contained in this Section shall be construed to release the County from the performance of any of the agreements on its part herein contained; and in the event the County should fail to perform any such agreement on its part, the Lessee may institute such action against the County as the Lessee may deem necessary to compel performance so long as such action does not abrogate the Lessee's obligations contained in the first sentence of this Section 5.6. The Lessee may, however, at its own cost and expense and in its own name or in the name of the County, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the County hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the County in any such action or proceeding if the Lessee shall so request.

ARTICLE VI

Maintenance, Taxes and Insurance

SECTION 6.1. *Maintenance and Modifications of Project by Lessee.* The Lessee agrees that during the Lease Term it will at its own expense (i) keep the Project in as reasonably safe condition as its operations shall permit and (ii) keep the Building and the Leased Equipment and all other improvements forming a part of the Project in good repair and in good operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof. The Lessee may, also at its own expense, make from time to time any additions, modifications or improvements to the Project it may deem desirable for its business purposes that do not adversely affect the operating unity of the Project. Subject to the provisions of Section 9.7 hereof, such additions, modifications and improvements so made by the Lessee shall be on the Leased Land and become a part of the Project. The Lessee will not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that if the Lessee shall first notify the Trustee of its intention so to do, the Lessee may in good faith contest any mechanics' or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the lien of the Indenture as to any part of the Project will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The County will cooperate fully with the Lessee in any such contest.

SECTION 6.2. *Removal of Leased Equipment.* The County shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary Leased Equipment. In any instance where the Lessee in its sound discretion determines that any items of Leased Equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Lessee may remove such items of Leased Equipment from the Building and the Leased Land and (on behalf of the County) sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the County or the Trustee therefor, provided that the Lessee shall either:

(a) Substitute (either by direct payment of the costs thereof or by advancing to the County the funds necessary therefor) and install anywhere in the Building or on the Leased Land other machinery, equipment or related property having equal or greater utility (but not necessarily having the same function) in the operation of the Building as a modern manufacturing plant (provided such removal and substitution shall not impair operating unity), all of which substituted machinery, equipment or related property shall be free of all liens and encumbrances (other than Permitted Encumbrances) but shall become a part of the Leased Equipment; or

(b) Not make any such substitution and installation, provided (i) that in the case of the sale of any such Leased Equipment to anyone other than itself or in the case of the scrapping thereof, the Lessee shall pay into the Bond Fund the proceeds from such sale or the scrap value thereof, as the case may be, (ii) that in the case of the trade-in of such Leased Equipment for other machinery, equipment or related property not to be installed in the Building or on the Leased Land, the Lessee shall pay into the Bond Fund the amount of the credit received by it in such trade-in and (iii) that in the case of the sale of any such Leased Equipment to the Lessee or in the case of any other disposition thereof the Lessee shall pay into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated in accordance with generally accepted accounting practice.

The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section shall not entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

The Lessee will promptly report to the Trustee each such removal, substitution, sale and other disposition and will pay to the Trustee such amounts as are required by the provisions of the preceding subsection (b) of this Section to be paid into the Bond Fund promptly after the sale, trade-in or other disposition requiring such payment; provided, that no such report and payment need be made until the amount to be paid into the Bond Fund on account of all such sales, trade-ins or other disposition not previously reported aggregates at least \$200,000. The Lessee will not remove, or permit the removal of, any of the Leased Equipment from the Leased Land except in accordance with the provisions of this Section.

SECTION 6.3. *Taxes, Other Governmental Charges and Utility Charges.* The County and the Lessee acknowledge (i) that pursuant to Section 13 of the Act, no part of the Project owned by the County will be subject to taxation in South Carolina (except for inheritance, estate or transfer taxes), and that under present law the income and profits (if any) of the County from the Project are not subject to either Federal or South Carolina taxation, and (ii) that these factors, among others, have induced the Lessee to enter into this agreement.

However, the Lessee will pay, as the same become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the lease rentals, revenues or receipts of the County from the Project which, if not paid, will become a lien on the Project prior to or on a parity with the lien of the Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge thereon and the pledge or assignment thereof to

be created and made in the Indenture, and including all ad valorem taxes lawfully assessed upon the leasehold estate hereby granted and conveyed to the Lessee in the Leased Land, Building and Leased Equipment), all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term.

If the Lessee shall first notify the Trustee of its intention so to do, the Lessee may, at its expense and in its own name and behalf or in the name and behalf of the County, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the lien of the Indenture will be materially endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid promptly. The County will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section to be paid by the Lessee, the County or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 6% per annum from the date thereof, the Lessee agrees to pay.

SECTION 6.4. Insurance Required. The Lessee agrees to insure against (a) such risks of loss or damage to the Project and in such amounts as similar properties are usually insured by companies similarly situated, and (b) public liability claims (including workmen's compensation claims) up to \$2,000,000 for each occurrence or accident. Any policy for such insurance may provide that the policy does not cover up to the first \$2,000,000 of loss.

SECTION 6.5. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4(a) hereof shall be received by the Lessee and shall then be paid and applied as provided in Section 7.1 hereof and the Net Proceeds of insurance carried pursuant to the provisions of Section 6.4(b) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6. Additional Provisions Respecting Insurance. All insurance required in Section 6.4 hereof shall be taken out and maintained in generally recognized responsible insurance companies selected by the Lessee.

A certificate of an officer of the Lessee that such insurance is in force and effect shall be furnished the Trustee; and prior to the expiration of any such policy the Lessee shall furnish the Trustee with evidence satisfactory to the Trustee that the policy has been renewed or replaced or is no longer required by this agreement.

SECTION 6.7. Advances by the County or the Trustee. In the event the Lessee shall fail to maintain the full insurance coverage required by this agreement or shall fail to keep the Project in as reasonably safe condition as its operations will permit, or shall fail to keep the Building and the Leased Equipment in good repair and good operating condition, the County or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements; and all amounts so advanced therefor by the County or the Trustee shall become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the rate of 6% per annum from the date thereof, the Lessee agrees to pay.

SECTION 6.8. *Indemnification of Trustee.* The Lessee shall and agrees to indemnify and save the Trustee harmless against and from all claims by or on behalf of any person, firm, or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (a) any conditions of the Project, (b) any breach or default on the part of the Lessee in the performance of any of its obligations under this agreement, (c) any act of negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees, or (d) any act of negligence of any assignee or sublessee of the Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Lessee. The Lessee shall indemnify and save the Trustee harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Trustee, the Lessee shall defend the Trustee in any such action or proceeding.

ARTICLE VII

Damage, Destruction and Condemnation

SECTION 7.1. *Damage and Destruction.* Unless the Lessee shall elect to exercise its option to purchase pursuant to the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed or is damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) hereof resulting from such destruction or damage is not greater than \$1,000,000, the Lessee, or the County at the Lessee's direction, (i) will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition thereof as existed prior to the event causing such destruction or damage, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair operating unity or productive capacity or the character of the Project as a manufacturing plant, and (ii) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from such claims for losses. All Net Proceeds of insurance resulting from such claims for losses not in excess of \$1,000,000 shall be paid to the Lessee.

Unless the Lessee shall elect to exercise its option to purchase pursuant to the provisions of Section 11.2(a) hereof, if prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project is destroyed or is damaged in whole or in part by fire or other casualty to such extent that the claim for loss under the insurance policies required to be carried pursuant to Section 6.4(a) hereof resulting from such destruction or damage is in excess of \$1,000,000, the Lessee shall promptly give written notice thereof to the Trustee. All Net Proceeds of insurance received by the Lessee resulting from such claims for losses in excess of \$1,000,000 shall be paid to and held by the Trustee in a separate trust account, whereupon (i) the Lessee, or the County at the Lessee's direction, will proceed promptly to repair, rebuild or restore the property destroyed or damaged to substantially the same condition thereof as existed prior to the event causing such destruction or damage with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair operating unity or productive capacity or the character of the Project as a manufacturing plant, and (ii) the Trustee will apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs of such repair, rebuilding or restoration, either on completion thereof or as the work progresses.

In the event said Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Lessee will nonetheless complete said work and will pay that portion of the costs thereof in excess of the amount of said Net Proceeds or will advance to the County and the Trustee the moneys necessary to complete said work, in which case the County will proceed so to complete said work.

The Lessee shall not, by reason of the payment of such excess costs (whether by direct payment thereof or advances to the County or Trustee therefor), be entitled to any reimbursement from the County, the Trustee or the holders or owners of the Bonds or any abatement or diminution of the rents payable under Section 5.3 hereof.

Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision therefor has been made in accordance with the Indenture) all Net Proceeds will be paid to the Lessee.

SECTION 7.2. Condemnation. Unless the Lessee shall elect to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. The County, the Lessee and the Trustee will cause the Net Proceeds received by them or any of them from any award made in such eminent domain proceedings, to be paid to and held by the Trustee in a separate trust account, to be applied in one or more of the following ways as shall be directed in writing by the Lessee:

(a) To the restoration of the improvements located on the Leased Land to substantially the same condition thereof as existed prior to the exercise of the said power of eminent domain.

(b) To the acquisition, by construction or otherwise, by the County of other improvements, suitable for the Lessee's operations at the Project (which improvements shall be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements shall be acquired by the County subject to no liens or encumbrances prior to or on a parity with the lien of the Indenture, other than Permitted Encumbrances.

(c) To the redemption of Bonds together with interest accrued thereon to the date of redemption; provided, that no part of any such condemnation award may be applied for such redemption unless (1) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to purchase provided for by Section 11.2(b) hereof or (2) in the event that less than all of the Bonds are to be redeemed, the Lessee shall furnish to the County and the Trustee a certificate of an Independent Engineer acceptable to the County and the Trustee stating (i) that the property forming a part of the Project that was taken by such condemnation proceedings is not essential to the Lessee's use or occupancy of the Project, or (ii) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or (iii) that improvements have been acquired which are suitable for the Lessee's operations at the Project as contemplated by the foregoing subsection (b) of this Section.

Unless the Lessee shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2(b) hereof, within ninety days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the Lessee shall direct the County and the Trustee in writing as to which of the ways specified in this Section the Lessee elects to have the condemnation award applied.

Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be paid into the Bond Fund. If the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), all Net Proceeds will be paid to the Lessee.

The County shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and behalf of the County. In no event will the County voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the Lessee.

SECTION 7.3. *Condemnation of Lessee-Owned Property.* The Lessee shall also be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property not included in the Project.

ARTICLE VIII

Special Covenants

SECTION 8.1. *No Warranty of Condition or Suitability by the County.* The County makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Lessee's purposes or needs.

SECTION 8.2. *County's and Trustee's Right of Access to the Project.* The Lessee agrees that the County, the Trustee and the duly authorized agents of each of them shall have the right at all reasonable times to enter upon the Leased Land and to examine and inspect the Project. The Lessee further agrees that the County and its duly authorized agents shall have such rights of access to the Project as may be reasonably necessary to cause to be completed the construction and installation provided for in Section 4.1 hereof, and thereafter the County, the Trustee and their or either of their duly authorized agents shall have such rights of access to the Project as may be reasonably necessary for the proper maintenance of the Project in the event of failure by the Lessee to perform its obligations under Section 6.1 hereof. The rights of access hereby reserved to the County and the Trustee may be exercised only after any such agent shall have executed release of liability and secrecy agreements in the form then currently used by the Lessee. However, nothing contained in this agreement shall be construed to entitle the County or the Trustee to any information or inspection involving the confidential know-how of the Lessee.

SECTION 8.3. *Lessee to Maintain its Corporate Existence; Conditions Under Which Exceptions Permitted.* The Lessee agrees that during the Lease Term it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, that the Lessee may, without violating the agreement contained in this Section, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Lessee under this agreement.

SECTION 8.4. *Qualification in South Carolina.* The Lessee warrants that it is and throughout the Lease Term it will continue to be duly qualified to do business in South Carolina.

SECTION 8.5. *Release of Certain Land.* In addition to the rights granted by Section 11.3 hereof, the parties hereto reserve the right at any time and from time to time to amend this agreement for the purpose of effecting the release of and removal from this agreement and the leasehold estate created hereby (i) of any unimproved part of the Leased Land (on which neither the Building nor any Leased Equipment is situated) on which the County then proposes to construct improvements for lease to the Lessee or any subsidiary or affiliated corporation thereof under another and different lease agreement or (ii) any part (or interest in such part) of the Leased Land with respect to which the County proposes to grant an easement or convey fee title to a railroad, public utility or public body in order that railroad, utility services or roads may be provided for the Project; provided, that if at the time any such amendment is made any of the Bonds are outstanding and unpaid there shall be deposited with the Trustee the following:

(a) A copy of the said amendment as executed.

(b) A resolution of the County (i) stating that the County is not in default under any of the provisions of the Indenture and the Lessee is not to the knowledge of the County in default

under any of the provisions of this agreement, (ii) giving an adequate legal description of that portion (together with the interest in such portion) of the Leased Land to be released, (iii) stating the purpose for which the County desires the release, (iv) stating that the said improvements which will be so constructed will be such as will promote the continued industrial development of South Carolina and (v) requesting such release.

(c) A resolution of the board of directors of the Lessee approving such amendment and stating that the Lessee is not in default under any of the provisions of this agreement.

(d) A copy of any agreement wherein the County agrees to construct improvements on the portion of the Leased Land so requested to be released and to lease the same or a copy of the instrument granting the easement or conveying the title to a railroad, public utility or public body.

(e) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than sixty days prior to the date of the release and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land so proposed to be released is necessary or desirable in order to obtain railroad, utility services or roads to benefit the Project or is not otherwise needed for the operation of the Project for the purposes hereinabove stated and (ii) the release so proposed to be made will not impair the usefulness of the Building as a manufacturing plant and will not destroy the means of ingress thereto and egress therefrom.

If all of the conditions of this Section 8.5 are met the Trustee shall be authorized to release any such property from the lien of the Indenture.

No release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

Any Leased Land released from the lien of the Indenture pursuant to this Section 8.5 shall promptly be conveyed by the County to the Lessee for the consideration of \$1.00 to be paid by the Lessee to the County.

SECTION 8.6. *Granting of Easements.* If no event of default under this agreement shall have happened and be continuing, the Lessee may at any time or times grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Project, free from the lien of the Indenture, or the Lessee may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the County agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the president or a vice president of the Lessee requesting such instrument; and (iii) a certificate executed by the president or a vice president of the Lessee stating (1) that such grant or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project and will not weaken, diminish or impair the security intended to be given by or under the Indenture.

SECTION 8.7. *Release and Indemnification Covenants.* The Lessee releases the County from, agrees that the County shall not be liable for and agrees to hold the County harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any defect in the Leased Land, the Building or the Leased Equipment or other improvements on the Leased Land or by any cause whatsoever pertaining to the Project or the use thereof; provided, that the indemnity provided in this sentence shall be effective only to the extent of any loss that might be sustained by the County in excess of the Net Proceeds received from any insurance carried with respect to the loss sustained. To this end, the Lessee will provide for and insure, in the public liability policies required in subsection (b) of Section 6.4 hereof, not only its own liability in respect of the matters there mentioned but also the liability herein assumed.

Whenever under the provisions of this agreement the approval of the Lessee is required or the County is required to take some action at the request of the Lessee such approval shall be given or such request shall be made by the Authorized Lessee Representative or the Project Supervisor unless otherwise specified in this agreement and the County shall be authorized to act on any such approval or request and the Lessee shall have no complaint against the County as a result of any such action taken.

SECTION 8.8. *Financial Statements of Lessee.* The Lessee agrees that it will furnish to the Trustee an audited balance sheet of the Lessee, as of the end of each fiscal year of the Lessee, within 90 days after the end thereof.

ARTICLE IX

Assignment, Subleasing, Mortgaging and Selling; Redemption; Rent Prepayment and Abatement; Issuance of Additional Bonds

SECTION 9.1. *Assignment and Subleasing.* This agreement may be assigned, and the Project may be subleased as a whole or in part, by the Lessee without the necessity of obtaining the consent of either the County or the Trustee, subject, however, to each of the following conditions:

(a) No assignment (other than pursuant to Section 8.3 hereof) or subleasing shall relieve the Lessee from primary liability for any of its obligations hereunder, and in the event of any such assignment or subleasing the Lessee shall continue to remain primarily liable for payment of the rents specified in Section 5.3 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by it.

(b) The assignee or sublessee shall assume the obligations of the Lessee hereunder to the extent of the interest assigned or subleased.

(c) The Lessee shall, within thirty days after the delivery thereof, furnish or cause to be furnished to the County and to the Trustee a true and complete copy of each such assignment or sublease, as the case may be.

SECTION 9.2. *Mortgage of Project by County.* The County will mortgage the Project by the Indenture, and assign its interest in and pledge any moneys receivable under this agreement pursuant to the Indenture, to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds, but each such conveyance, assignment or pledge shall be subject and subordinate to this agreement.

SECTION 9.3. *Restrictions on Sale of Project by County.* The County agrees that, except as set forth in Section 9.2 hereof or other provisions of this agreement or the Indenture, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project during the Lease Term, except that if the laws of South Carolina at the time shall permit such sale or other disposition to be made, nothing contained in this Section shall prevent transfer of the Project as an entirety to any public agency or public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning and leasing the Project: provided, that upon such transfer, the due and punctual payment of the principal of and interest and premium, if any, on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of this agreement to be kept and performed by the County, shall be expressly assumed in writing by the agency or corporation to which the Project shall be transferred as an entirety.

SECTION 9.4. *Redemption of Bonds.* The County, at the request at any time of the Lessee and if the same are then callable, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then outstanding Bonds, as may be specified by the Lessee, on the earliest redemption date on which such redemption may be made under such applicable provisions.

SECTION 9.5. *Prepayment of Rents.* There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof, and the County agrees that the Trustee may accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be credited on the rental payments specified in Section 5.3 hereof, in the order of their maturities.

SECTION 9.6. *Lessee Entitled to Certain Rent Abatements if Bonds Paid Prior to Maturity.* If at any time the aggregate moneys in the Bond Fund shall be sufficient to retire in accordance with the provisions of the Indenture all of the Bonds at the time outstanding, and to pay all fees and charges of the Trustee and any paying agents on the Bonds due or to become due through the date on which the last of the Bonds is retired, under circumstances not resulting in termination of the Lease Term, and if the Lessee is not at the time otherwise in default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the hands of the Trustee to and including October 1, 1987, with no obligation to make the rental payments specified in Section 5.3 hereof during that interval (but otherwise on the terms and conditions hereof).

SECTION 9.7. *Installation of Lessee's Own Machinery and Equipment.* The Lessee may from time to time, in its sole discretion and at its own expense, install machinery, equipment and other personal property in the Building or on the Leased Land and which may be attached or affixed to the Building or the Leased Land. All such machinery, equipment and other personal property shall remain the sole property of the Lessee and the Lessee may remove the same from the Building or the Leased Land at any time, in its sole discretion and at its own expense; provided, that any damage to the Project resulting from any such removal shall be repaired by the Lessee at the expense of the Lessee. The Lessee may create any mortgage, encumbrance, lien or charge on any such machinery, equipment and other personal property provided that the same will not diminish or impair the security intended to be given by or under the Indenture. Neither the County nor the Trustee shall have any interest in or landlord's lien on any such machinery, equipment or personal property so installed pursuant to this Section 9.7 and all such machinery, equipment and personal property shall be and remain identified as the property of the Lessee.

SECTION 9.8. *References to Bonds Ineffective After Bonds Paid.* Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of the Trustee and any paying agents on the Bonds, all references in this agreement to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

ARTICLE X

Events of Default and Remedies

SECTION 10.1. *Events of Default Defined.* The following shall be "events of default" under this agreement and the terms "event of default" or "default" shall mean, whenever they are used in this agreement, any one or more of the following events:

(a) Failure by the Lessee to pay the rents required to be paid under Section 5.3 of this agreement at the times specified therein and continuing for a period of five days after notice by telegram, or if telegraphic service is not available then after notice by mail given to the Lessee and the Guarantors by either the Trustee or the County that the payment referred to in such notice has not been received.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement in this agreement on the part of the Lessee to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of sixty days after written notice, specifying such failure and requesting that it be remedied, given to the Lessee and the Guarantors by the County or the Trustee, unless the County and the Trustee shall agree in writing to an extension of such time prior to its expiration.

(c) The dissolution or liquidation of the Lessee or either of the Guarantors or the filing by the Lessee or either of the Guarantors of a voluntary petition in bankruptcy, or failure by the Lessee or either of the Guarantors promptly to lift any execution, garnishment or attachment of such consequence as will impair the ability of the Lessee to carry on its operations at the Project, or the commission by the Lessee or either of the Guarantors of any act of bankruptcy, or adjudication of the Lessee or either of the Guarantors as a bankrupt, or assignment by the Lessee or either of the Guarantors for the benefit of its creditors, or the entry by the Lessee or either of the Guarantors into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee or either of the Guarantors in any proceeding for its reorganization instituted under the provisions of the general bankruptcy act, as amended, or under any similar act in any domestic or foreign jurisdiction, which may now be in effect or hereafter enacted. The term "dissolution or liquidation of the Lessee or either of the Guarantors", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Lessee or either of the Guarantors resulting either from a merger or consolidation of the Lessee or either of the Guarantors into or with another corporation or a dissolution or liquidation of the Lessee or either of the Guarantors following a transfer of all or substantially all of its assets as an entirety, provided, that in the case of the Lessee the conditions permitting such actions contained in Section 8.3 hereof shall have been met and that in the case of either of the Guarantors the conditions permitting such actions contained in paragraph 4 of the Guaranty Agreement referred to in Article I hereof shall have been met.

The foregoing provisions of this Section are subject to the following limitations: If by reason of force majeure the Lessee and the Guarantors are unable in whole or in part to carry out the agreements of the Lessee on its part herein contained, other than the obligations on the part of the Lessee contained in Article V and Sections 6.3, 6.4 and 8.7 hereof, the Lessee and the Guarantors shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of South Carolina or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee and the Guarantors, it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Lessee unfavorable to the Lessee.

SECTION 10.2. Remedies on Default. Whenever any event of default referred to in Section 10.1 hereof shall have happened and be subsisting, the County may take any one or more of the following remedial steps:

(a) The County or the Trustee as provided in the Indenture may, at its option, declare all installments of rent payable under Section 5.3 hereof for the remainder of the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The County, with the prior written consent of the Trustee, may re-enter and take possession of the Project without terminating this agreement, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the rent and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1(a) hereof, the County shall not be entitled to take such action until the sixth day after the occurrence of such event of default.

(c) The County, with the prior written consent of the Trustee, may terminate the Lease Term, exclude the Lessee from possession of the Project and use its best efforts to lease the Project to

another for the account of the Lessee, holding the Lessee liable for all rent and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1(a) hereof, the County shall not be entitled to take such action until the sixth day after the occurrence of such event of default.

(d) In the event any of the Bonds shall at the time be outstanding and unpaid, the County may have access to and inspect, examine and make copies of the books and records and any and all accounts, similar data and income tax and other tax returns of the Lessee.

(e) The County may take whatever action at law or in equity may appear necessary or desirable to collect the rent and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this agreement.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), to the Lessee.

SECTION 10.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the County hereunder shall also extend to the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4. *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Lessee should default under any of the provisions of this agreement and the County or the Trustee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the County or the Trustee the reasonable fee of such attorneys and such other expenses so incurred by the County or the Trustee.

SECTION 10.5. *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI

Options in Favor of Lessee

SECTION 11.1. *Options to Terminate.* The Lessee shall have, and is hereby granted, the following options to terminate the Lease Term:

(a) At any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by paying to the Trustee an amount which, when added to the amount on deposit in the Bond Fund, will be sufficient to pay, retire and redeem all the outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable redemption date, as the case may be, premium, expenses of redemption and Trustee's and paying agents' fees and expenses), and in case of redemption making arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

another for the account of the Lessee, holding the Lessee liable for all rent and other amounts payable by the Lessee hereunder; provided, that in the case of an event of default referred to in Section 10.1(a) hereof, the County shall not be entitled to take such action until the sixth day after the occurrence of such event of default.

(d) In the event any of the Bonds shall at the time be outstanding and unpaid, the County may have access to and inspect, examine and make copies of the books and records and any and all accounts, similar data and income tax and other tax returns of the Lessee.

(e) The County may take whatever action at law or in equity may appear necessary or desirable to collect the rent and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this agreement.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), to the Lessee.

SECTION 10.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the County hereunder shall also extend to the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

SECTION 10.4. *Agreement to Pay Attorneys' Fees and Expenses.* In the event the Lessee should default under any of the provisions of this agreement and the County or the Trustee should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it will on demand therefor pay to the County or the Trustee the reasonable fee of such attorneys and such other expenses so incurred by the County or the Trustee.

SECTION 10.5. *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

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(b) At any time after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the Lessee may terminate the Lease Term by giving the County notice in writing of such termination and such termination shall forthwith become effective.

SECTION 11.2. *Option to Purchase Project Prior to Payment of the Bonds.* The Lessee shall have, and is hereby granted, the option to purchase the Project prior to the full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), if any of the following shall have occurred:

(a) The Building or the Leased Equipment shall have been damaged or destroyed (i) to such extent that it cannot be reasonably restored within a period of four months to the condition thereof immediately preceding such damage or destruction, or (ii) to such extent that the Lessee is thereby prevented from carrying on its normal operations at the Project for a period of four months, or (iii) to such extent that the cost of restoration thereof would exceed by \$1,000,000 the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.4(a) hereof, plus the deductible amounts for which the Lessee is self-insured with respect to the Building and the Leased Equipment.

(b) Title to, or the temporary use of, all or substantially all the Project shall have been taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (including such a taking or takings as results in the Lessee being thereby prevented from carrying on its normal operations at the Project for a period of four months).

(c) As a result of any changes in the Constitution of South Carolina or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Lessee in good faith, this agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the County or the Lessee including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this agreement.

To exercise such option, the Lessee shall, within sixty days following the event authorizing the exercise of such option, give written notice to the County and to the Trustee, if any of the Bonds shall then be unpaid, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five nor more than ninety days from the date such notice is mailed, and in case of a redemption of the Bonds in accordance with the provisions of the Indenture shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the Lessee in the event of its exercise of the option granted in this Section shall be the sum of the following:

(1) An amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to retire and redeem all the then outstanding Bonds on the applicable redemption date provided by the Indenture, including without limitation, principal, all interest to accrue to said redemption date and redemption expense, plus

(2) an amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds, plus

(3) the sum of one dollar for the Leased Land, Building and Leased Equipment.

In the event of the exercise of the option granted in this Section any Net Proceeds of insurance or condemnation shall be paid to the Lessee.

SECTION 11.3. *Option to Purchase Unimproved Land.* The Lessee shall have, and is hereby granted, the option to purchase any unimproved part of the Leased Land (on which neither the Build-

ing nor any Leased Equipment is located but upon which transportation or utility facilities may be located) at any time and from time to time at and for a purchase price equal to one dollar per acre provided that it furnishes the County with the following:

(a) A notice in writing containing (i) an adequate legal description of that portion of the Leased Land with respect to which such option is to be exercised, (ii) a statement that the Lessee intends to exercise its option to purchase such portion of the Leased Land on a date stated, which shall not be less than forty-five nor more than ninety days from the date of such notice and (iii) a statement that the use to which the Lessee intends to devote such portion of the Leased Land will promote the continued industrial development of South Carolina.

(b) A certificate of an Independent Engineer who is acceptable to the Trustee, dated not more than ninety days prior to the date of the purchase and stating that, in the opinion of the person signing such certificate, (i) the portion of the Leased Land with respect to which the option is exercised is not needed for the operation of the Project for the purposes hereinabove stated, and (ii) the purchase will not impair the usefulness of the Building as a manufacturing plant and will not destroy the means of ingress thereto and egress therefrom.

(c) An amount of money equal to the purchase price computed as provided in this Section.

The County agrees that upon receipt of the notice, certificate and money required in this Section to be furnished to it by the Lessee, the County will promptly deliver such money to the Trustee for deposit in the Bond Fund, and secure from the Trustee a release from the lien of the Indenture of such portion of the Leased Land with respect to which the Lessee shall have exercised the option granted to it in this Section. In the event the Lessee shall exercise the option granted to it under this Section the Lessee shall not be entitled to any abatement or diminution of the rents payable under Section 5.3 except as otherwise provided in Section 5.3 hereof, and if such option relates to Leased Land on which transportation or utility facilities are located, the County shall retain an easement to use such transportation or utility facilities to the extent necessary for the efficient operation of the Project.

SECTION 11.4. *Conveyance on Exercise of Option to Purchase.* At the closing of the purchase pursuant to Article XII hereof or the exercise of any option to purchase granted in Sections 11.2 and 11.3 hereof, the County will upon receipt of the purchase price deliver to the Lessee the following:

(a) If necessary, a release from the Trustee of the property with respect to which the option was exercised from all security instruments.

(b) Documents conveying to the Lessee good and marketable title to the property being purchased, as such property then exists, subject to the following: (i) those liens and encumbrances (if any) to which title to said property was subject when conveyed to the County; (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; (iii) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this agreement; (iv) Permitted Encumbrances other than the Indenture and this agreement; and (v) if the option is exercised pursuant to the provisions of Section 11.2(b) hereof, the rights and title of the condemning authority.

SECTION 11.5. *Relative Position of Options and Indenture.* The options respectively granted to the Lessee in this Article except under Section 11.3 hereof shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in nonfulfillment of any condition to the exercise of any such option.

ARTICLE XII

Additional Obligations of Lessee and County

SECTION 12.1. *Obligation to Purchase Project.* The Lessee hereby agrees to purchase, and the County hereby agrees to sell, the Project for one dollar at the expiration or sooner termination of the

Lease Term following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture. At the closing of the foregoing purchase, the County will deliver to the Lessee the documents referred to in Section 11.4 hereof. The right to purchase granted in this Section shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder provided that such default will not result in nonfulfillment of any condition to this right.

ARTICLE XIII

Miscellaneous

SECTION 13.1. *Surrender of Project.* Except as otherwise expressly provided in this agreement, at the expiration or sooner termination of the Lease Term, the Lessee agrees to surrender possession of the Project peaceably and promptly to the County in as good condition as at the commencement of the Lease Term, loss by fire or other casualty covered by insurance and ordinary wear, tear and obsolescence only excepted.

SECTION 13.2. *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram when telegraphic notice is permitted by express provisions of this agreement, addressed as follows: if to the County, to the Spartanburg County Board of Control, Spartanburg, South Carolina; if to the Lessee, at 485 Lexington Avenue, New York, New York 10017, Attention: President; if to the Trustee, at and if to the Guarantors, at Hercules Tower, 910 Market Street, Wilmington, Delaware 19899, Attention: Treasurer's Office in the case of Hercules Incorporated and at Frankfurt (M)—Höchst, Germany, Attention: Finance Department in the case of Farbwerke Hoechst AG. The County, the Lessee, the Trustee and the Guarantors may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 13.3. *Recording and Filing.* This agreement and every assignment and modification hereof shall be recorded and indexed as a miscellaneous conveyance and as a chattel mortgage in the office of the Register of Mesne Conveyances for Spartanburg County, South Carolina, or in such other office as may be at the time provided by law as the proper place for the recordation thereof a deed conveying the Project. This agreement as originally executed shall be so recorded prior to the recordation of the Indenture or any other mortgage or deed of trust or trust indenture with respect to the Project. The security interest of the County created by this agreement in the personal property and fixtures which are to be part of the Project, and the assignment of such security interest to the Trustee, shall be perfected by the filing prior to the issuance of the Bonds, in the office of the Secretary of State of South Carolina, in the City of Columbia, of financing statements which fully comply with the South Carolina Uniform Commercial Code—Secured Transactions.

SECTION 13.4. *Other Instruments.*

(a) The Lessee covenants to deliver to the County and the Trustee within 60 days after January 1, 19 , after each January 1 thereafter until the Completion Date, after the Completion Date and after the close of each fiscal year of the Lessee following the Completion Date, a description of the Leased Equipment and fixtures, if any, constituting a part of the Project, on such January 1, Completion Date or last day of a fiscal year, as appropriate, and not adequately described in the granting clauses of the Indenture as then supplemented, and in the demising clauses of this agreement as then supplemented. Such description shall be sufficiently detailed so as to enable counsel to render the opinion referred to in subsection (4) of the next succeeding sentence. Within 30 days after delivery of such description the Lessee covenants that it will—

(1) Prepare a supplement to the Indenture and a supplement to this agreement, each containing a description of the Leased Equipment and fixtures not adequately described in the granting clauses of the Indenture, as then supplemented, and in the demising clauses of this agreement, as then supplemented.

(2) Deliver the supplement to the Indenture to the Trustee and the County and the supplement to this agreement to the County, for execution.

(3) Deliver the fully executed supplement to the Indenture and the fully executed supplement to this agreement to the Trustee for recording and filing or re-recording or re-filing in all places required by the opinion of counsel referred to in subsection (a) (4) of this Section 13.4.

(4) Deliver to the Trustee a written opinion of counsel (who may be counsel for the County or the Lessee), addressed to the Trustee that the descriptions of the Mortgaged Property (as defined in Article I of the Indenture) contained in the granting clauses of the Indenture, as supplemented, and the descriptions of the Project contained in the demising clauses of this agreement, as supplemented, are adequate for all purposes thereof and hereof and in the opinion given with respect to the Completion Date that such descriptions include descriptions of the entire Project; that the Indenture, as supplemented, constitutes a valid first mortgage lien on the interest of the County in the said Mortgaged Property, subject only to Permitted Encumbrances other than the Indenture; that the Indenture, as supplemented, this agreement, as supplemented, and all financing statements, continuation statements, notices and other instruments required by applicable law have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and protect the rights of the holders of the Bonds and the Trustee in the Project (and in the assignment to the Trustee of the rents payable under this agreement) as against creditors of, or purchasers for value from, the County or the Lessee.

(b) The Lessee, the County and the Trustee shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel in order to enable him to render the opinion referred to in subsection (a) (4) of this Section 13.4. The Trustee shall file and record and re-record or cause to be filed and recorded and re-recorded all instruments required to be filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be outstanding, except as otherwise in this agreement required.

SECTION 13.5. *Binding Effect.* This agreement shall inure to the benefit of and shall be binding upon the County, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.3, 9.1, 9.2 and 9.3 hereof.

SECTION 13.6. *Severability.* In the event any provision of this agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 13.7. *Amounts Remaining in Bond Fund.* It is agreed by the parties hereto that any amounts remaining in the Bond Fund upon expiration or sooner termination of the Lease Term, as provided in this agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees, charges and expenses of the Trustee and paying agents in accordance with the Indenture shall belong to and be paid to the Lessee by the Trustee as overpayment of rents.

SECTION 13.8. *Amendments, Changes and Modifications.* This agreement may not be amended, changed, modified, altered or terminated without in each instance the prior written consent of the Trustee and each of the Guarantors or their respective successors and assigns, except that no such consent by the Guarantors shall be necessary with respect to any termination of this agreement pursuant to Section 10.2 hereof or with respect to supplements to this agreement required to be entered into pursuant to Section 13.4 hereof for the purpose of adequately describing the Project in the demising clauses of this agreement. The Lessee and the County agree that damages would be insufficient relief to the Guarantors in the event of a breach or possible breach of this covenant; accordingly, in the case of any actual or attempted amendment, change, modification, alteration, or termination without such prior written consent, then the Guarantors shall have the right, in addition to damages at law for any such

breach or attempted breach, to proceed in equity for such relief as may be appropriate including, without limitation, mandatory injunction and specific performance or such other relief as may appear necessary or desirable to enforce performance and observance of the agreements and covenants of the Lessee and the County under this Section 13.8.

SECTION 13.9. *Net Lease.* This agreement shall be deemed and construed to be a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rent and all other payments required hereunder, free of any deductions, without abatement, diminution or set-off other than those herein expressly provided.

SECTION 13.10. *Execution of Counterparts.* This agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13.11. *Law Governing Construction of Agreement.* This agreement is prepared and entered into with the intention that the law of the State of South Carolina shall govern its construction.

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has executed this Lease Agreement by causing its name to be hereunto subscribed by the Chairman of the County Board of Control and its official seal to be impressed hereon and attested by the Secretary of said Board; and Hystron Fibers Incorporated has executed this Lease Agreement by causing its corporate name to be hereunto subscribed by its _____ President and its corporate seal to be impressed hereon and attested by its _____ Secretary, all being done as of the day and year first above written.

SPARTANBURG COUNTY, SOUTH CAROLINA

(SEAL)

By _____

Chairman of the Spartanburg County
Board of Control

Attest:

Secretary of the Spartanburg County
Board of Control

Signed, sealed and delivered
in the presence of:

HYSTRON FIBERS INCORPORATED

(SEAL)

By _____

President

Attest:

Secretary

Signed, sealed and delivered
in the presence of:

STATE OF
COUNTY OF

} ss.:

Personally appeared before me
sworn says that he saw the corporate seal of
affixed to the foregoing Lease Agreement, and that he also saw
as _____ and _____
as _____ of _____
sign and attest the same, and that he with
delivery thereof as the act and deed of the said

who being duly

witnessed the execution and

Sworn to before me this
day of _____, 1967.

Notary Public

My Commission expires

STATE OF
COUNTY OF

} ss.:

Personally appeared before me
sworn says that he saw the corporate seal of
affixed to the foregoing Lease Agreement, and that he also saw
as _____ and _____
as _____ of _____
sign and attest the same, and that he with
delivery thereof as the act and deed of the said

who being duly

witnessed the execution and

Sworn to before me this
day of _____, 1967.

Notary Public

My Commission expires

Proof of August 9, 1967—Pandick Press, Inc.—WO 4-2900

SPARTANBURG COUNTY, SOUTH CAROLINA

to

as Trustee

Trust Indenture

Dated as of October 1, 1967

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TRUST INDENTURE

THIS TRUST INDENTURE made and entered into as of the first day of October, 1967, by and between SPARTANBURG COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina (hereinafter sometimes referred to as the "County"), as party of the first part, and _____, a banking corporation duly organized, existing and authorized to accept and execute trusts of the character herein set out, under and by virtue of the laws of the State of _____, as Trustee, party of the second part;

WITNESSETH:

WHEREAS the County is authorized and empowered by the provisions of an Act bearing Ratification No. R-149 enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved by the Governor of South Carolina on the 21st day of March, 1967 (the "Act") to acquire, own, lease, dispose of, and mortgage the properties hereinafter described in order that the industrial development of South Carolina will be promoted and trade developed by inducing manufacturing enterprises to locate in South Carolina and thus utilize and employ manpower and other resources of South Carolina; and

WHEREAS the County is further authorized by the Act to issue revenue bonds payable solely from the lease rentals, revenues and receipts from any such project and secured by a pledge of said lease rentals, revenues and receipts and by a mortgage on the land, buildings, improvements and equipment so acquired; and

WHEREAS the County has made the necessary arrangements with Hystron Fibers Incorporated, a corporation organized and existing under the laws of the State of Delaware, and duly authorized to conduct business in the State of South Carolina (hereinafter sometimes referred to as the "Lessee"), for the acquisition and construction of new and additional facilities for the manufacture of synthetic fibers on tracts of land adjacent to the Lessee's existing manufacturing facilities, all located within Spartanburg County, South Carolina, including all necessary land, easements, buildings, machinery, equipment and other facilities (hereinafter sometimes referred to as the "Project") which will be of the character and accomplish the purpose provided by the Act, and the County has further entered into a Lease Agree-

ment with the Lessee specifying the terms and conditions of the acquisition of the Project and the leasing of the same to the Lessee; and the obligations of the Lessee under said Lease Agreement have been unconditionally guaranteed jointly and severally by Hercules Incorporated, a Delaware corporation, and by Farbwerke Hoechst AG, vormals Meister Lucius & Brüning, a corporation organized under the laws of the Federal Republic of Germany;

WHEREAS the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as "this Indenture") have been authorized by Resolutions duly adopted by the Spartanburg County Board of Control (hereinafter sometimes referred to as the "County Board") which is the governing body of the County, as constituted by Article I, Chapter 58, Title 14, Code of Laws of South Carolina, 1962, and the County in accordance with the requirements of Section 14 of the Act has submitted its Petition to the State Budget and Control Board of South Carolina, including a general summary of the terms and conditions of the Indenture, and the State Budget and Control Board of South Carolina has duly approved the Project in accordance with the provisions of the Act and thereby authorized the County Board to proceed with the acquisition and financing of the Project. Notice of the approval was duly published in a newspaper having general circulation in Spartanburg County and notwithstanding more than twenty days have elapsed from the date of the publication of such notice, no challenge was made to the validity of such approval as provided in the Act; and

WHEREAS it has been determined that the estimated amount necessary to finance the cost of the Project, including necessary expenses incidental thereto, will require the issuance, sale and delivery in the first instance of Bonds designated as Industrial Revenue Bonds in the aggregate principal amount of \$75,000,000, as hereinafter provided, and the subsequent issuance, sale and delivery of additional parity Bonds to the aggregate principal amount of \$10,000,000, at such time or from time to time as may be found necessary to complete the Project; and

WHEREAS the issuance of the such bonds under the Act has been in all respects duly and validly authorized by resolutions duly passed and approved by the County Board; and

WHEREAS the \$75,000,000 aggregate principal amount of Bonds to be issued in the first instance, the interest coupons to be attached thereto, and the Trustee's Certificate of Authentication to be endorsed on such Bonds, are all to be in substantially the following form, to wit:

(FORM OF BOND)

UNITED STATES OF AMERICA
 STATE OF SOUTH CAROLINA
 SPARTANBURG COUNTY
 INDUSTRIAL REVENUE BOND

Number \$5,000

KNOW ALL MEN BY THESE PRESENTS that Spartanburg County, a body politic and corporate, and a political subdivision of the State of South Carolina (hereinafter called the "County"), for value received, promises to pay, but only from the source and as hereinafter provided, to bearer, or, if this Bond be registered, to the registered owner hereof, on October 1, 19 , the principal sum of five thousand dollars and in like manner to pay interest on said sum from the date hereof at the rate of per centum per annum on April 1, 1968, and semiannually thereafter on October 1 and April 1 of each year until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, principal of, premium, if any, and interest on this Bond being payable in lawful money of the United States of America at the principal office of

, or its successor in trust, or at the option of the holder hereof, at the principal office of

This Bond is one of an authorized issue of Bonds limited in the aggregate principal amount to \$85,000,000 issued and authorized to be issued for the purpose of acquiring land, buildings, equipment, machinery and other facilities in connection therewith, and leasing the same to Hystron Fibers Incorporated, a Delaware corporation, (hereinafter referred to as the "Lessee") (such land, buildings, equipment, machinery and other facilities being hereinafter called the "Project") and paying necessary expenses incidental thereto so as to thereby promote industry and develop trade in South Carolina. Said Bonds are all issued or to be issued under and are to be equally and ratably secured and entitled to the protection given by a Trust Indenture (hereinafter called the "Indenture"), dated as of October 1, 1967, duly executed and delivered by the County to

as Trustee (the term "Trustee" where used herein referring collectively to said Trustee or its successors in said trust), and reference is hereby made to the Indenture and to all indentures supplemental thereto for a description of the security, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the County, the Trustee and the holders of the Bonds and the coupons appertaining thereto and the terms upon which the Bonds are issued and secured.

This Bond and appurtenant coupons are fully negotiable and shall pass by delivery, but this Bond may be registered as to principal only on the registration books of the County in the principal office of the Trustee as Bond Registrar, upon presentation hereof at such office and the notation of such registration endorsed hereon by the Bond Registrar, and this Bond may thereafter be transferred on such books at the written request of the registered owner or by his legal representative, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond, if registered, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative. Interest accruing on this Bond will be paid only on presentation and surrender of the attached interest coupons as they respectively become due, and registration of this Bond as to principal as aforesaid will not affect the transferability by delivery of such coupons; provided, that if upon registration of this Bond, or at any time thereafter while this Bond is registered in the name of the owner, the unmatured coupons attached evidencing interest to be thereafter paid hereon shall be surrendered to said Bond Registrar, a statement to that effect will be endorsed hereon by the Bond Registrar and thereafter interest evidenced by such surrendered coupons will be paid by check or draft by the Bond Registrar at the times provided herein to the registered owner of this Bond by mail to the address shown on the registration books. This Bond when so converted into a Bond registered as to both principal and interest may be reconverted into a coupon Bond at the written request of the registered owner and upon presentation at the office of said Bond Registrar. Upon such reversion the coupons representing the interest to become due thereafter to the date of maturity will again be attached to this Bond and a statement will be endorsed thereon by the Bond Registrar in the registration blank on the back of this Bond as to whether it is then registered as to principal alone or payable to bearer.

The \$75,000,000 in aggregate principal amount of the Bonds of this issue issued in the first instance and dated October 1, 1967, are noncallable for redemption prior to October 1, 1977, except in the event of (1) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement between the County and the Lessee dated as of October 1, 1977, (herein referred to as the "Lease Agreement") or (2) exercise by the Lessee of its options to purchase the Project as provided in Section 11.2 of the Lease Agreement. If called for redemption in either of such events, such Bonds shall be subject to redemption by the County at any time, in whole or (in the case of redemption pursuant to Section 7.2 of the Lease Agreement) in part in the inverse order of their maturity (less than all of said Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the principal amount thereof plus accrued interest to the redemption date.

Any of such Bonds maturing on October 1, 1987, as may be outstanding on or after October 1, 1977, are also subject to redemption by the County prior to maturity on any interest payment date on or after October 1, 1977, in whole or in part (less than all of such Bonds to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date.

Redemption Date
(dates inclusive)

Redemption Price

In addition, Bonds maturing on October 1, 1987, are subject to mandatory redemption prior to maturity, in accordance with the sinking fund requirements of Section 305 of the Indenture, in part (selected by lot in such manner as may be designated by the Trustee), at the principal amount thereof

plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below:

October 1 of the Year

Principal Amount

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by publication at least twice in a newspaper or financial journal of general circulation published in the City of New York, New York, the first of which shall be published not less than thirty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal (except to bearer) or both principal and interest, upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of the Bonds to be redeemed are at that time registered as to principal (except to bearer) notice by mailing given by first class mail to the registered owner or owners thereof, at the addresses shown on the registration books, not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the

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place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any such newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

This Bond and the issue of which it forms a part are issued pursuant to the authorization of and for the purposes prescribed by an Act bearing Ratification Number R-149 enacted at the 1967 Session of the General Assembly of the State of South Carolina, approved March 21, 1967, and pursuant to resolutions duly adopted by the Spartanburg County Board of Control and with the approval of the State Budget and Control Board of South Carolina. This Bond and the issue of which it forms a part and the interest coupons appertaining hereto are limited obligations of the County and are payable solely out of the lease rentals, revenues and receipts (excluding amounts paid by the Lessee to local taxing authorities in lieu of taxes, pursuant to Section 5.5 of the Lease Agreement) derived from the leasing or sale of the Project, financed through the issuance of the Bonds and which has been leased to the Lessee. Under the Lease Agreement the Lessee must pay to the County such rentals as will be fully sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same mature, and under said lease Agreement it is the obligation of the Lessee to pay the costs of maintaining the Project in good repair and to keep it properly insured. Pursuant to a Guaranty Agreement dated as of October 1, 1967, among Hercules Incorporated and Farbwerke Hoechst AG, vormals Meister Lucius & Brüning, and the County, Hercules Incorporated and Farbwerke Hoechst AG, vormals Meister Lucius & Brüning, have jointly and severally unconditionally guaranteed the performance by the Lessee of its obligations under the Lease Agreement.

This Bond and the interest coupons appertaining hereto, are not and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

Pursuant to the Lease Agreement, rental payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on

the Bonds are to be paid to the Trustee for the account of the County and deposited in a special account created by the County and designated "Spartanburg County Industrial Revenue Bond Fund—Hystron Project" and have been duly pledged for that purpose, and in addition the Project has been subjected to the lien of the Indenture to secure payment of such principal and interest and premium.

The holder of this Bond and the bearers of the coupons appertaining hereto shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all of the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the County, does not exceed or violate any constitutional or statutory limitation.

This Bond and the interest coupons appertaining hereto shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Trustee's certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, Spartanburg County, South Carolina, has caused this Bond to be executed by the Chairman of the Spartanburg County Board of Control, by his manual or facsimile signature, and its corporate seal or a facsimile thereof to be reproduced hereon, and attested by the Secretary of Spartanburg County Board of Control, by his manual or facsimile signature, and has caused the interest coupons attached hereto to be ex-

ecuted by the facsimile signatures of said Chairman and said Secretary, all as of the first day of October, 1967.

SPARTANBURG COUNTY, SOUTH CAROLINA

By
Chairman of the Spartanburg
County Board of Control

Attest:

.....
Secretary of the Spartanburg
County Board of Control

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This Bond is one of the Bonds of the issue described in the within mentioned Trust Indenture.

, *Trustee*

By
Authorized Officer

(FORM OF INTEREST COUPON)

No. \$

On the first day of, 19, Spartanburg County, South Carolina, (unless the Bond to which this coupon appertains shall have been duly called for previous redemption and payment of the redemption price made or provided for) will pay to bearer, subject to the provisions of the Indenture and upon presentation and surrender of this coupon at the principal office of the Trustee,
or its successor in trust, or at the option of the holder hereof, at the principal

office of _____, in the City of _____,
 _____, the amount shown hereon in lawful money of the United
 States of America, as provided in and being semi-annual interest then due on
 its Industrial Revenue Bond, dated October 1, 1967, numbered _____.

SPARTANBURG COUNTY, SOUTH CAROLINA

By _____
 Chairman of the Spartanburg
 County Board of Control

 Secretary of the Spartanburg
 County Board of Control

(FORM OF REGISTRATION)

Date of Registration	Name of Registered Owner	Manner of Registration	Signature of Bond Registrar

and;

WHEREAS all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the County according to the import thereof, and to constitute this Indenture a valid lien on the properties mortgaged and a valid pledge of the lease rentals, revenues and receipts herein made to the payment of the principal of, premium, if any, and interest on the Bonds, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS TRUST INDENTURE WITNESSETH:

That the County in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the County of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, grant, bargain, sell, convey, mortgage, pledge and assign unto

as Trustee, and unto its successors in trust, and to its assigns forever, for the securing of the performance of the obligations of the County hereinafter set forth, the following:

I

The real property and interests therein situated in Spartanburg County, State of South Carolina, described in Exhibit A attached hereto, with all buildings, additions, improvements and fixtures now or hereafter located thereon or therein and with the tenements, hereditaments, servitudes, appurtenances, rights, privileges and immunities thereunto belonging or appertaining which may from time to time be owned by the County.

II

The machinery, equipment or other property described in Exhibit B attached hereto, and substitutions or replacements therefor; all machinery, equipment or other property acquired by the County with the proceeds from the Bonds issued under and secured by this Indenture, and substitutions or replacements therefor; all machinery, equipment or other property which under the terms of the Lease Agreement is to become the property of the County or subjected to the lien of this Indenture; and, without limiting the foregoing, all of the property of the County at any time installed or located on the land described in Exhibit A attached hereto.

III

All right, title and interest of the County in and to the Lease Agreement, dated as of October 1, 1967, between the County and Hyston Fibers Incorporated and all lease rentals, revenues and receipts received or to be received under said Lease Agreement, except amounts paid by the Lessee thereunder to the County and other local taxing authorities in lieu of taxes pursuant to Section 5.5 thereof.

IV

All right, title and interest of the County in and to the Guaranty Agreement, dated as of October 1, 1967, from Hercules Incorporated and Farbwerke Hoechst AG vormals Meister Lucius & Brüning, as joint and several guarantors, to the County and all amounts received or to be received under said Guaranty Agreement, except amounts paid by said guarantors in fulfillment of the obligations of the Lessee under Section 5.5 of the aforementioned Lease Agreement.

V

All lease rentals, revenues and receipts arising out of or in connection with the ownership of the Project, except amounts paid under Section 5.5 of the aforementioned Lease Agreement.

VI

Any and all other property from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by the County or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all holders and owners of the Bonds and interest coupons thereto appertaining issued under and secured by this Indenture without privilege, priority or distinc-

tion as to the lien or otherwise of any of the Bonds or interest coupons thereto appertaining over any of the others of the Bonds or interest coupons;

PROVIDED, HOWEVER, that if the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of Coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, and if the County shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds; otherwise this Indenture to be and remain in full force and effect.

THIS TRUST INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said lease rentals, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the County has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective holders and owners, from time to time, of the said Bonds and the bearers of the interest coupons thereto appertaining, or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

In addition to the words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the follow-

ing meanings unless the context or use indicates another or different meaning or intent:

"Bond" or "Bonds" means the Industrial Revenue Bonds of the County to be issued hereunder.

"Bond Fund" or "Spartanburg County Industrial Revenue Bond Fund—Hystron Project" means the fund created in Section 502 hereof.

"Bondholder" or "holder" or "owner of the Bonds" mean the bearer of any Bond not registered as to principal otherwise than to bearer and the person in whose name any Bond shall be registered as to principal.

"Construction Fund" or "Spartanburg County Industrial Construction Fund—Hystron Project" means the fund created by Section 602 hereof.

"County" means Spartanburg County, South Carolina, a body politic and corporate, and its successors and assigns.

"County Board" means the Spartanburg County Board of Control, and any successor body.

"Coupon" means any of the coupons issued hereunder evidencing the semi-annual installments of interest on the applicable Bond or Bonds.

The term "default" means any of those defaults specified in and defined by Section 1001 hereof.

"Extraordinary Services" and "Extraordinary Expenses" means all services rendered and all expenses incurred under the Indenture other than Ordinary Services and Ordinary Expenses.

"Guaranty Agreement" means the Guaranty Agreement dated as of October 1, 1967, from Hercules Incorporated, a Delaware corporation, and Farbwerke Hoechst AG vormals Meister Lucius & Brüning, a corporation organized under the laws of the Federal Republic of Germany, to the County.

"Guarantors" means Hercules Incorporated, a Delaware corporation, and Farbwerke Hoechst AG vormals Meister Lucius & Brüning, a corporation organized under the laws of the Federal Republic of Germany, and their respective successors and assigns.

"Indenture" means these presents and other indentures supplemental hereto with the Trustee in pursuance hereof.

"*Lease Agreement*" means the Lease Agreement executed by and between the County and the Lessee dated as of October 1, 1967, and any amendments thereto.

"*Lessee*" means Hystron Fibers Incorporated and its successors and assigns and any surviving, resulting or transferee corporation as provided in Section 8.3 of the Lease Agreement.

"*Mortgaged Property*" means the properties conveyed as security hereunder in paragraphs I, II, III, IV, V and VI of the granting clause preceding this Article.

"*Ordinary Services*" and "*Ordinary Expenses*" means those services normally rendered and those expenses normally incurred by a trustee under instruments similar to this Indenture.

The term "*outstanding*" or "*Bonds outstanding*" means all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or theretofore delivered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which cash funds shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 207 hereof, unless proof satisfactory to the trustee is presented to the trustee that any such Bonds are held by bona fide holder in due course.

"*Person*" means natural persons, firms, associations, corporations and public bodies.

"*Project*" means the land, buildings, machinery, equipment and other facilities leased under the Lease Agreement.

"*Trust estate*" means the Mortgaged Property.

"Trustee" means the party of the second part hereto, and any successor trustee pursuant to Sections 1105 or 1108 hereof at the time serving as successor trustee hereunder.

ARTICLE II

THE BONDS

SECTION 201 *Restriction on Issuance of Bonds.* No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued in the first instance is hereby expressly limited to \$75,000,000, and if the net proceeds from the sale of such \$75,000,000 principal amount of Bonds are not sufficient to pay all the costs of the Project, additional parity Bonds up to the principal amount of \$10,000,000 may be issued hereunder.

SECTION 202 *Initial Issuance of Bonds.* The initially issued Bonds in the aggregate principal amount of \$75,000,000, dated October 1, 1967, shall be designated "Spartanburg County Industrial Revenue Bonds". They shall bear interest from the date thereof at the respective rates per annum as set forth in the following schedule, payable April 1, 1968, and semiannually thereafter on October 1 and April 1 of each year. They shall be in the denomination of \$5,000 each, and shall be numbered consecutively from 1 upward and shall mature in numerical order on October 1 in each of the years set forth in and in the principal amount set opposite each year in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
-------------	-----------------------------	--------------------------

The interest on the Bonds, when issued, shall be evidenced by interest Coupons. The principal of, premium, if any, and interest on the Bonds, except as otherwise provided in the case of registration of Bonds as provided in Section 208 hereof, shall be payable to bearer upon presentation and surrender of the Bonds or Coupons as they respectively become due at the principal office of the Trustee or at the option of the holder at the principal office of

Payment as aforesaid shall be made in lawful money of the United States of America.

SECTION 203 *Execution; Limited Obligation.* The Bonds shall be executed on behalf of the County by the Chairman of the County Board and the corporate seal of the County or a facsimile thereof shall be reproduced thereon and attested by the Secretary of the County Board, provided that at least one of said signatures shall be a manual signature. The Coupons attached to the Bonds shall be executed by the facsimiles of the official signatures of said Chairman and Secretary and such facsimiles shall have the same force and effect as if said Chairman and Secretary had manually signed each of the Coupons. The Bonds, together with interest thereon, shall be limited obligations of the County payable from the Bond Fund and shall be a valid claim of the respective holders thereof only against such fund and the lease rentals, revenues and receipts from the leasing or sale of the Project pledged to such fund (but in addition shall be secured by the lien of the Indenture on the Project), which lease rentals, revenues and receipts (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are hereby pledged and assigned for the equal and ratable payment of the Bonds and the Coupons and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and Coupons do not now and shall never constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the County or a charge against its general credit or taxing powers.

In case any officer whose signature or facsimile of whose signature shall appear on the Bonds or Coupons shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

SECTION 204 *Authentication.* Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond and no Coupon appertaining to any Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. Before authenticating or delivering any Bonds, the Trustee shall detach and cancel all matured Coupons, if any, appertaining thereto, and such cancelled Coupons shall be cremated by the Trustee.

SECTION 205 *Form of Bonds.* The Bonds issued under this Indenture and the coupons attached thereto shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

SECTION 206 *Delivery of Bonds.* Upon the execution and delivery of this Indenture, the County shall execute and deliver to the Trustee and the Trustee shall authenticate the Bonds to be issued in the first instance in the aggregate principal amount of \$75,000,000 and deliver them to the purchaser as may be directed by the County as hereinafter in this Section 206 provided.

Prior to the authentication by the Trustee of any of the Bonds there shall be filed with the Trustee:

1. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of the Lease Agreement and of the Guaranty Agreement.
2. Original executed counterparts of the Lease Agreement and of the Guaranty Agreement.
3. A copy, duly certified by the Secretary of the County Board, of the resolution of the County Board authorizing the execution and delivery of

this Indenture and the issuance of the \$75,000,000 aggregate principal amount of the Bonds to be issued in the first instance.

4. The written opinion of counsel for the County, or other counsel satisfactory to the Trustee, expressing the conclusion that upon payment of the purchase price of the lands described in Exhibit A attached hereto and acceptance of the instruments of conveyance, all as theretofore agreed upon, the County will have title free and clear of liens and encumbrances upon said lands (except for Permitted Encumbrances as defined in the Lease Agreement).

5. A request and authorization to the Trustee on behalf of the County Board and signed by the Chairman and Secretary of the County Board to authenticate and deliver the Bonds to be issued in the first instance in the aggregate principal amount of \$75,000,000 to the purchaser therein identified upon payment to the Trustee but for account of the County of a sum specified in such request and authorization plus accrued interest thereon to the date of delivery. Such proceeds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

SECTION 207 Mutilated, Lost, Stolen or Destroyed Bonds or Coupons. In the event any Bond is mutilated, lost, stolen or destroyed, the County may execute and the Trustee may authenticate a new Bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new Bond shall have attached thereto Coupons corresponding in all respects to those (if any) on the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond together with all Coupons (if any) appertaining thereto shall first be surrendered to the County, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them. In the event any such Bond or Coupon shall have matured, instead of issuing a duplicate Bond or Coupon the County may pay the same without surrender thereof. The County and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection.

SECTION 208 Registration of Bonds; Persons Treated As Owners. Each of the Bonds issued hereunder shall be fully negotiable and pass by

delivery but shall be subject to registration (as hereinafter provided) as to principal only or as to both principal and interest in the name of the owner on registration books to be provided for that purpose by the County at the principal office of the Trustee, as Bond Registrar. Upon presentation at said office any of the Bonds may be registered as to principal only and such registration shall be evidenced by notation to that effect by the Bond Registrar in the registration blank on the reverse side thereof, after which no transfer thereof shall be valid unless made at the written request of the registered owner or his legal representative, on said registration books and similarly endorsed thereon. Such registered Bonds may be thus transferred to bearer whereupon transferability by delivery shall be restored but the Bonds may again, from time to time, be registered or transferred to bearer as before. Such registration of any of the Bonds shall not affect the transferability by delivery only of the Coupons thereunto appertaining, provided, that if upon registration of any such Bond, or at any time thereafter while registered in the name of the owner, the unmatured coupons attached evidencing interest to be thereafter paid thereon shall be surrendered to said Bond Registrar a statement to that effect will be endorsed thereon and thereafter interest evidenced by such surrendered Coupons will be paid by check or draft by said Bond Registrar at the times provided therein to the registered owner by mail to the address shown on the registration books. Each of the Bonds when converted as aforesaid into a Bond registered as to both principal and interest may be reconverted into a coupon Bond at the written request of the registered owner and upon presentation at the office of said Bond Registrar. Upon such reversion the Coupons representing the interest to become due thereafter to the date of maturity will be attached to the Bond and a statement will be endorsed thereon by said Bond Registrar in the registration blank on the back of the Bond as to whether it is then registered as to principal alone or payable to bearer. No charge shall be made to any Bondholder for the privilege of registration and transfer hereinabove granted, but any Bondholder requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any Bond registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, or his legal representative, and neither the County, the Trustee, any paying agent nor the Bond Registrar shall be

affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The County, the Trustee, the Bond Registrar and any paying agent may deem and treat the bearer of any Bond which shall not at the time be registered as to principal (except to bearer), and the bearer of any coupon appertaining to any Bond, whether such Bond be registered as to principal or not, as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the County, the Bond Registrar, any paying agent nor the Trustee shall be affected by any notice to the contrary.

SECTION 209 *Issuance of Additional Bonds.* Subsequent to the issuance and delivery of the Bonds in the first instance in the principal amount of \$75,000,000, if it shall be determined by the Lessee or the Project Supervisor designated under Section 4.7 of the Lease Agreement that the balance at the time remaining in or to the credit of the Construction Fund will be insufficient to pay the balance of the Project costs as defined and provided in the Lease Agreement, such Project Supervisor may file with the County, the Lessee and the Trustee (and at the request of the Lessee will file) an estimate or estimates indicating that the total Project costs will exceed the net proceeds from the sale of Bonds in the first instance.

Thereupon, the County and the Lessee may from time to time agree upon and approve the issuance and delivery of additional parity Bonds up to the total principal amount of \$10,000,000, which shall be of the same rank as the Bonds issued and delivered in the first instance, but bearing such date or dates and interest rate or rates, and with such maturities, redemption dates, redemption premiums, and which may be sold at such prices, as are approved in writing by the County and the Lessee. Upon the execution and delivery in each instance of an appropriate indenture supplemental hereto the County shall execute and deliver to the Trustee, and the Trustee shall authenticate, such additional parity Bonds and deliver them to the purchaser as may be directed by the County, as hereinafter in this Section 209 provided. Prior to the delivery by the Trustee of any of such additional parity Bonds there shall be filed with the Trustee:

1. A written statement by the Lessee approving the issuance and delivery of such additional parity Bonds and agreeing that the rentals

payable under Section 5.3 of the Lease Agreement shall be computed so as to include such additional parity Bonds to the same extent as is therein provided with respect to the Bonds issued in the first instance.

2. A copy, duly certified by the Secretary of the County Board, of the resolutions theretofore adopted and approved authorizing the execution and delivery of such supplemental indenture and the issuance of such additional parity Bonds.

3. A request and authorization to the Trustee on behalf of the County and signed by the Chairman and the Secretary of the County Board to deliver such additional parity Bonds to the purchaser therein identified upon payment to the Trustee but for the account of the County of a specified sum plus accrued interest. The proceeds of such additional parity Bonds shall be paid over to the Trustee and deposited to the credit of the Bond Fund and Construction Fund as hereinafter provided under Article VI hereof.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 301 *Redemption Dates and Prices.* The \$75,000,000 in aggregate principal amount of Bonds issued in the first instance are noncallable for redemption prior to October 1, 1977, except in the event of (1) condemnation of the Project or any part thereof to the extent provided in Section 7.2 of the Lease Agreement or (2) exercise by the Lessee of its option to purchase the Project as provided in Section 11.2 of the Lease Agreement. If called for redemption in either of such events, such Bonds shall be subject to redemption at the principal amount thereof plus accrued interest to the redemption date by the County at any time, in whole or (in the case of redemption pursuant to Section 7.2 of the Lease Agreement) in part in the inverse order of their maturity (less than all of said Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee).

Any of such Bonds maturing on October 1, 1987, as may be outstanding on or after October 1, 1977, are also subject to redemption by the County prior to maturity on any interest payment date on or after October 1, 1977, in whole or in part (less than all of such Bonds to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices

(expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

Redemption Date
(dates inclusive)

Redemption Price

Bonds maturing on October 1, 1987, are also subject to mandatory redemption prior to maturity in specified annual amounts, pursuant to the terms of the sinking fund provided in Section 305 hereof at 100% of the principal amount thereof plus accrued interest to the redemption date.

Section 302 *Notice of Redemption.* Notice of the call for any such redemption identifying the Bonds to be redeemed shall be given by publication at least twice in a newspaper or financial journal of general circulation published in the City of New York, New York, the first of which shall be published not less than thirty days prior to the redemption date, and in the case of the redemption of Bonds at the time registered as to principal (except to bearer) or both principal and interest, upon mailing a copy of the redemption notice by first class mail at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of Bonds. If all of said Bonds to be redeemed are at that time registered as to principal (except to bearer), notice by mailing given by first class mail to the registered owner or owners thereof at the addresses shown on the registration books not less than thirty days prior to the date fixed for redemption as aforesaid shall be sufficient and

published notice of the call for redemption need not be given and failure duly to give such notice by mailing, or any defect in the notice, to the registered owner of any Bond designated for redemption shall not affect the validity of the proceedings for the redemption of any other Bond.

Prior to the date fixed for redemption, funds shall be placed with the Trustee to pay the Bonds called and accrued interest thereon to the redemption date and the premium, if any. Upon the happening of the above conditions, the Bonds thus called shall not thereafter bear interest, shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

If, because of the temporary or permanent suspension of the publication or general circulation of newspapers or financial journals published in the City of New York, New York, or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

SECTION 303 *Cancellation.* All Bonds which have been redeemed shall be cancelled and cremated by the Trustee together with the unmatured coupons appertaining thereto and shall not be reissued and a counterpart of the certificate of cremation evidencing such cremation shall be furnished by the Trustee to the County and the Lessee.

SECTION 304 *Unpaid Coupons.* All unpaid Coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such Coupons.

SECTION 305 *Sinking Fund.* As and for a sinking fund for the retirement of Bonds initially issued hereunder and which mature on October 1, 1987, the rental payment specified in Section 5.3 of the Lease Agreement which is to be deposited in the Bond Fund on or before the seventh day prior to October 1, 19 , and on or before the seventh day prior to each October 1 thereafter to and including October 1, 1986, shall include an amount sufficient to redeem (after credit as provided below) the following principal amounts of such Bonds:

October 1
of the Year

Principal
Amount

At its option, to be exercised on or before the forty-fifth day next preceding any such sinking fund payment date, the County may (a) deliver to the Trustee for cancellation such Bonds in any aggregate principal amount desired with all unmatured Coupons attached (except as theretofore detached pursuant to Section 208 hereof) or (b) receive a credit in respect of its sinking fund redemption obligation for any such Bonds which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each Bond so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the County on such sinking fund payment date and any excess shall be credited on future sinking fund redemption obligations in chronological order, and the principal amount of such Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

The County shall on or before the forty-fifth day next preceding each sinking fund payment date furnish the Trustee and the Lessee with its certificate indicating whether or not and to what extent the provisions of clauses (a) and (b) of the preceding paragraph are to be availed of with respect to such sinking fund payment and confirm that such funds for the balance of the next succeeding prescribed sinking fund payment will be paid on or before the seventh day prior to the next succeeding October 1.

The Trustee shall redeem, in the manner provided in Section 302 hereof, such an aggregate principal amount of such Bonds at 100% of the principal amount thereof plus accrued interest to the redemption date as will exhaust

as nearly as practicable such cash sinking fund payment. Such redemption shall be by lot in such manner as may be designated by the Trustee.

ARTICLE IV.

GENERAL COVENANTS

SECTION 401 *Payment of Principal and Interest.* The County covenants that it will promptly pay the principal of and interest and premium, if any, on every Bond issued under this Indenture at the place, on the dates, from the source and in the manner provided herein and in said Bonds and in the Coupons appertaining thereto according to the true intent and meaning thereof; provided, however, that except as provided in Sections 4.3 (f) and (k) of the Lease Agreement, the principal, premium, if any, and interest are payable solely from the lease rentals, revenues and receipts derived from the leasing or sale of the project, which lease rentals, revenues and receipts (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are hereby specifically pledged to the payment thereof in the manner and to the extent herein in this Indenture specified, and nothing in the Bonds or Coupons or in this Indenture should be considered as pledging any other funds or assets of the County.

SECTION 402 *Performance of Covenants; Authority of County.* The County covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The County covenants that it is duly authorized under the Constitution and laws of the State of South Carolina, to issue the Bonds authorized hereby and to execute this Indenture, to convey the property described in and conveyed hereby and to pledge the lease rentals, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof and the Coupons appertaining thereto in the hands of the bearers thereof are and will be valid and enforceable obligations of the County according to the import thereof.

SECTION 403 *Ownership; Instruments of Further Assurance.* The County covenants that it lawfully owns and is lawfully possessed of the lands described in Exhibit A attached hereto and that it has good and indefeasible title and estate therein (except for Permitted Encumbrances as defined in the Lease Agreement), and that it will defend the title thereto and every part thereof to the Trustee, for the benefit of the holders and owners of the Bonds and the bearers of the Coupons appertaining thereto against the claims and demands of all persons whomsoever. The County covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the property herein described and the lease rentals, revenues and receipts pledged hereby to the payment of the principal of and interest and premium, if any, on the Bonds. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien hereof shall ipso facto, and without any further conveyance, assignment or act on the part of the County or the Trustee, become and be subject to the lien of this Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the County under this Section 403. The County covenants and agrees that, except as herein and in the Lease Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the lease rentals, revenues and receipts therefrom or of its rights under the Lease Agreement.

SECTION 404 *Payment of Taxes, Charges, Etc.* Pursuant to the provisions of Section 6.3 of the Lease Agreement the Lessee has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project, or any part thereof, failure to pay which might impair or prejudice the lien and priority of this Indenture; provided, however, that nothing contained in this Section 404 shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Lease Agreement.

SECTION 405 *Maintenance and Repair.* Pursuant to the provisions of Section 6.1 of the Lease Agreement the Lessee has agreed at its own expense to cause the Project to be kept in as reasonably safe condition as

its operations shall permit, and that it will from time to time cause to be made all needed repairs so that the Project shall at all times be kept in good repair and in good operating condition, and that the Lessee may, at its own expense, make from time to time additions, modifications and improvements to the Project under the terms and conditions set forth in Section 6.1 of the Lease Agreement.

SECTION 406 *Recording and Filing.* This Indenture shall be recorded and indexed as a mortgage of real property and as a chattel mortgage in the office of the Register, for Spartanburg County, Mesne Conveyances, or in such other office as may be at the time provided by law as the proper place for the recordation thereof. The security interest of the Trustee created by this agreement in the personal property and fixtures which are to be part of the Project, shall be perfected by the filing in the office of the Secretary of State of South Carolina in the City of Columbia, South Carolina, of financing statements which fully comply with the South Carolina Uniform Commercial Code—Secured Transactions. This Indenture shall be rerecorded and re-indexed as a chattel mortgage whenever in the opinion of counsel referred to in Section 13.4 of the Lease Agreement such action is necessary to preserve the lien hereof and in addition, such financing or continuation statements as in the opinion of such counsel become necessary to preserve the lien of this Indenture shall be filed in said office of the Secretary of State of South Carolina.

The Trustee covenants and agrees that it will cause the Lessee to comply with the obligations of the Lessee set forth in Section 13.4 of the Lease Agreement and the Trustee hereby accepts and agrees to perform the duties and obligations of the Trustee therein specified.

SECTION 407 *Inspection of Project Books.* The County covenants and agrees that all books and documents in its possession relating to the Project and the lease rentals, revenues and receipts derived from the Project shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

SECTION 408 *List of Bondholders.* To the extent that such information shall be made known to the County, under the terms of this Section 408, it will keep on file at the principal office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. Any Bondholder may request that his name and address be placed on said list by filing a

written request with the County or with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Lessee or by holders and/or owners (or a designated representative thereof) of twenty-five per cent or more in principal amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

SECTION 409 *Rights Under Lease Agreement.* The Lease Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the County and the Lessee, including a provision that subsequent to the initial issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof the Lease Agreement may not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the written consent of the Trustee and the Guarantors and reference is hereby made to the Lease Agreement for a detailed statement of said covenants and obligations of the Lessee under the Lease Agreement, and the County agrees that the Trustee in its name or in the name of the County may enforce all rights of the County and all obligations of the Lessee under and pursuant to the Lease Agreement and may enforce all rights of the County and all obligations of each of the Guarantors under and pursuant to the Guaranty Agreement, for and on behalf of the Bondholders, whether or not the County is in default hereunder.

SECTION 410 *Designation of Additional Paying Agent.* The County hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued whereby funds will be made available for the payment of such of the Bonds and Coupons as are presented at the principal office of _____, when due.

ARTICLE V

REVENUES AND FUNDS

SECTION 501 *Source of Payment of Bonds.* The Bonds herein authorized and all payments by the County hereunder are not general obligations of the County but are limited obligations payable solely from the lease rentals,

revenues and receipts derived from the Project and as authorized and provided in this Indenture.

The Project has been leased under the Lease Agreement and the rental payments provided for in Section 5.3 of the Lease Agreement are to be remitted directly to the Trustee for the account of the County and deposited in the Bond Fund. Said rental payments are sufficient in amount to pay the principal of, premium, if any, and interest on the Bonds, and the entire amount of lease rentals, revenues and receipts from said Lease Agreement (except amounts paid by the Lessee to local taxing authorities in lieu of taxes pursuant to Section 5.5 of the Lease Agreement) are pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The County hereby covenants and agrees that it will not create any lien upon said lease rentals, revenues and receipts or the Project other than the lien hereby created.

SECTION 502 *Creation of the Bond Fund.* There is hereby created by the County and ordered established with the Trustee a trust fund to be designated "Spartanburg County Industrial Revenue Bond Fund—Hystron Project" (which is sometimes referred to herein as the "Bond Fund"), which shall be used to pay the principal of, premium, if any, and interest on the Bonds.

SECTION 503 *Payments into the Bond Fund.* There shall be deposited into the Bond Fund all accrued interest derived from the sale of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received, (a) amounts payable as interest on the Bonds prior to and during construction and for six months thereafter which shall be transferred from the Construction Fund as required in Section 4.3(f) of the Lease Agreement and any amount remaining in the Construction Fund to the extent provided in Section 4.3(k) of the Lease Agreement except as otherwise directed pursuant to said Section 4.3(k); (b) all rental payments specified in Section 5.3 of the Lease Agreement; and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement when accompanied by directions by Lessee that such moneys are to be paid into the Bond Fund. The County hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be deposited, in the Bond Fund for its account sufficient sums from lease rentals, revenues and receipts derived from the Project promptly to meet and pay the principal of, interest and premium, if any, on the Bonds

as the same become due and payable and to this end the County covenants and agrees that, so long as any Bonds issued hereunder are outstanding, it will cause the Project to be continuously and efficiently leased as a revenue and income producing undertaking, and that, should there be a default under the Lease Agreement with the result that the right of possession of the Project under the Lease Agreement is returned to the County, the County shall fully cooperate with the Trustee and with the Bondholders to the end of fully protecting the rights and security of the Bondholders and the bearers of Coupons appertaining to the Bonds and shall diligently proceed in good faith and use its best efforts to secure another tenant for the premises to the end that at all times sufficient lease rentals, revenues and receipts will be derived from the Project promptly to meet and pay the principal of, interest and premium, if any on the Bonds as the same become due and payable, as well as covering the cost of maintaining and insuring the Project. Nothing herein shall be construed as requiring the County to operate the Project or to use any funds or revenues from any source other than lease rentals, revenues and receipts derived from the Project.

SECTION 504 *Use of Moneys in the Bond Fund.* Except as provided in Section 510 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds and for the redemption of the Bonds at or prior to maturity. Except as provided in Section 305 hereof, no part of said rental payments in the Bond Fund shall be used to redeem, prior to maturity, a part of the Bonds outstanding; provided, that whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds outstanding hereunder and to pay interest to accrue thereon prior to such redemption, the County covenants and agrees to take and cause to be taken the necessary steps to redeem all of said Bonds on the next succeeding redemption date for which the required redemption notice may be given; and provided further that any moneys in the Bond Fund other than rental payments may be used at the request of the County to redeem a part of the Bonds outstanding on the next succeeding redemption date for which the required notice of redemption may be given so long as the Lessee is not in default with respect to any rental payments under the Lease Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest in all cases where such Bonds or Coupons have not been presented for payment.

SECTION 505 *Custody of the Bond Fund.* The Bond Fund shall be in the custody of the Trustee but in the name of the County and the County hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the Bonds and interest thereon and premium, if any, as the same become due and payable and to make said funds so withdrawn available to the Trustee and to the paying agent in

for the purpose of paying said principal and interest, and premium, if any, which authorization and direction the Trustee hereby accepts.

SECTION 506 *Non-presentment of Bonds or Coupons.* In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, or in the event any Coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay such Bonds or Coupons shall have been made available to the Trustee for the benefit of the holder or holders thereof, all liability of the County to the holder thereof for the payment of such Bond or Coupon, as the case may be shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the bearer of such Coupon, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond or Coupon.

SECTION 507 *Trustee's and Paying Agents' Fees, Charges and Expenses.* Pursuant to the provisions of the Lease Agreement, the Lessee has agreed to pay the Trustee, until the principal of, interest and premium, if any, on the Bonds shall have been fully paid or provisions for the payment thereof shall have been made in accordance with the provisions of this Indenture: (i) an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered, as trustee, and its Ordinary Expenses incurred, as trustee, under this Indenture, as and when the same becomes due, (ii) the reasonable fees and charges of the Trustee, as Bond Registrar and paying agent, and any paying agents for acting as paying agent as herein provided, as and when the same become due, and (iii) the reasonable fees and charges for the necessary Extraordinary Services and Extraordinary Expenses of the Trustee under this Indenture, as and when the same become due. It is further understood and agreed that the initial or acceptance fees of the

Trustee and the fees, charges and expenses of the Trustee and paying agents referred to in the preceding sentence which become due prior to the completion date (as defined in the Lease Agreement) will be paid to the Trustee from the Construction Fund as and when the same shall become due. The Lessee may, without creating a default hereunder, contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any of the fees, charges or expenses referred to herein.

SECTION 508 *Moneys to Be Held in Trust.* All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Construction Fund under any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of Bonds notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 509 *Insurance and Condemnation Proceeds.* Reference is hereby made to the Lease Agreement whereunder it is provided that under certain circumstances the net proceeds of insurance and condemnation awards are to be paid to the Trustee and deposited in separate trust accounts and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform the duties and obligations as therein specified.

SECTION 510 *Repayment to the Lessee from the Bond Fund.* Any amounts remaining in the Bond Fund after payment in full of the principal of, interest and premium, if any, on Bonds (or provision for payment thereof as provided in this Indenture), the fees, charges and expenses of the Trustee and any paying agents and all other amounts required to be paid hereunder shall be paid to the Lessee upon the expiration or sooner termination of the term of the Lease Agreement as provided in Section 13.7 of the Lease Agreement.

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 601 *Deposits in the Bond Fund.* From the proceeds of the issuance and delivery of Bonds there shall be deposited in the Bond Fund all accrued interest received upon the sale of the Bonds.

SECTION 602 *Construction Fund; Disbursements.* There is hereby created and established with the Trustee a trust fund in the name of the County to be designated "Spartanburg County Industrial Construction Fund—Hystron Project". The balance of the proceeds of the issuance and delivery of Bonds remaining after the deduction provided by Section 601 hereof shall have been made shall be deposited in the Construction Fund. Moneys in the Construction Fund shall be expended in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and after the Project shall have been completed and a certificate of payment of all costs filed as provided in Section 603 hereof, the Trustee shall, if requested by the Lessee, file an accounting thereof with the County and with the Lessee.

SECTION 603 *Completion of the Project.* The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of (i) the certificate of the Project Supervisor required by the provisions of Section 4.5 of the Lease Agreement and (ii) a certificate signed by the Chairman of the County Board and by the Lessee (by one of the authorized officers of the Lessee), which certificate shall state that all obligations and costs in connection with the Project and payable out of the Construction Fund have been paid and discharged except for amounts retained by the Trustee with the approval of the Lessee and the Project Supervisor for the payment of costs of the Project not then due and payable as provided in the Lease Agreement. As soon as practicable and in any event after sixty days from the date of the certificate referred to in clause (ii) of the preceding sentence any balance remaining in the Construction Fund (other than the amounts retained by the Trustee and referred to in the preceding sentence) shall without further authorization be deposited in the Bond Fund by the Trustee with advice to the County and to the Lessee of such action unless the Lessee shall have directed the Trustee to purchase Bonds in the open market for the purpose of cancellation in accordance with Section 4.3(k) of the Lease Agreement.

ARTICLE VII

INVESTMENTS

SECTION 701 *Investment of Construction Fund Moneys.* Any moneys held as part of the Construction Fund shall, at the written request of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be invested and reinvested by the Trustee in accordance with the provisions of Section 4.9 of the Lease Agreement. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Construction Fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund. The Trustee is directed to sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in the Construction Fund is insufficient to pay a requisition when presented.

SECTION 702 *Investment of Bond Fund Moneys.* Any moneys held as part of the Bond Fund shall, at the written request of and as specified by the Authorized Lessee Representative (as defined in the Lease Agreement), be invested or reinvested by the Trustee in any bonds or other obligations which as to principal and interest constitute direct obligations of the United States of America. Any such investments shall be held by or under control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any profit realized therefrom shall be credited to such fund and any loss resulting from such investments shall be charged to such fund. The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provisions of this Section 702 whenever the cash balance in the Bond Fund is insufficient to pay the current interest and principal requirements. The Trustee may make any and all investments permitted by the provisions of Section 701 and this Section 702 through its own Bond Department.

ARTICLE VIII

POSSESSION, USE AND PARTIAL RELEASE OF LEASED PROPERTY

SECTION 801 *Subordination to Rights of the Lessee.* This Indenture and the rights and privileges hereunder of the Trustee and the holders of the Bonds and bearers of Coupons appertaining thereto are specifically made

subject and subordinate to the rights and privileges of the Lessee set forth in the Lease Agreement. So long as not otherwise provided in this Indenture the County shall be suffered and permitted to possess, use and enjoy the Mortgaged Property and appurtenances so as to carry out its obligations under the Lease Agreement.

SECTION 802 *Release of Leased Land.* Reference is made to the provisions of the Lease Agreement, including without limitation Sections 8.5 and 11.3 thereof, whereby the County and the Lessee have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall release from the lien of this Indenture any such land upon compliance with the provisions of the Lease Agreement.

SECTION 803 *Release of Leased Equipment.* Reference is made to the provisions of the Lease Agreement, including without limitation Section 6.2 thereof, whereby the Lessee may withdraw certain items of Leased Equipment (as defined in the Lease Agreement) upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall at the request of the County or the Lessee confirm that any such equipment is no longer included in the Lease Agreement subject to the lien of this Indenture upon compliance with the provisions of the Lease Agreement and shall release said equipment from the lien of this Indenture.

SECTION 804 *Granting of Easements.* Reference is made to the provisions of the Lease Agreement, including, without limitation Section 8.6 thereof, whereby the Lessee may grant easements and take other action upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights of way and other rights and privileges permitted by Section 8.6 thereof upon compliance with the provisions of the Lease Agreement.

ARTICLE IX

DISCHARGE OF LIEN

If the County shall pay or cause to be paid to the holders and owners of the Bonds and bearers of Coupons the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein, and if the County shall keep, perform and observe all and singular

the covenants and promises in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, or if the issuance of the Bonds is not made within the time provided in Section 4.2 of the Lease Agreement, then these presents and the estate and rights hereby granted shall, at the option of the County, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the County such instruments in writing as shall be requisite to satisfy the lien hereof, and re-convey to the County the estate hereby conveyed, and assign and deliver to the County any property at the time subject to the lien of this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Lessee under Section 510 hereof and except cash held by the Trustee for the payment of interest on and retirement of the Bonds.

Bonds and Coupons for the payment or redemption of which moneys shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds) shall be deemed to be paid within the meaning of this Article; provided, however, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or arrangements satisfactory to the Trustee shall have been made for the giving thereof.

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 1001 *Defaults; Events of Default.* If any of the following events occur, subject to the provisions of Sections 1012 and 1013 hereof, it is hereby defined as and declared to be and to constitute an "event of default":

- (a) Default in the due and punctual payment of any interest on any Bond; or
- (b) Default in the due and punctual payment of the principal of any Bonds (or premium thereon, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration; or
- (c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the County in this Indenture or in the Bonds contained; or

(d) The occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

The term "default" shall mean default by the County in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, exclusive of any period of grace required to constitute a default an "event of default" as in this Article X provided and shall mean the occurrence of an "event of default" under Section 10.1 of the Lease Agreement arising out of matters referred to in Sections 404, 405 and 507 hereof.

SECTION 1002 *Acceleration.* Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than twenty-five per cent in aggregate principal amount of Bonds then outstanding shall, by notice in writing delivered to the County, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

SECTION 1003 *Surrender of Possession of Mortgaged Property; Rights and Duties of Trustee in Possession; Other Remedies.* Upon the occurrence of an event of default the County, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Mortgaged Property together with the books, papers and accounts of the County pertaining thereto, and including the rights and the position of the County under the Lease Agreement, and to hold, operate and manage the same, and from time to time to make all needful repairs and improvements as by the Trustee shall be deemed wise; and the Trustee may lease the Project or any part thereof in the name and for account of the County and collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee hereunder, and any taxes and assessments and other charges prior to the lien of this Indenture which

the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 1008 hereof. Whenever all that is due upon the Bonds shall have been paid and all defaults made good, the Trustee shall surrender possession to the County; the same right of entry, however, to exist upon any subsequent event of default.

While in possession of such property the Trustee shall render annually to the County and the Lessee and also to the Bondholders, at their addresses set forth in the list required by Section 408 hereof and to the holders of all Bonds then registered as to principal (except to bearer) at their addresses shown by the registration books, a summarized statement of income and expenditures in connection therewith.

Upon the occurrence of an event of default the lien on the Project created and vested by this Project may be foreclosed either by sale at public outcry or by proceedings in equity and the Trustee or the holder or holders of any of the Bonds then outstanding, whether or not then in default of payment of principal or interest, may become the purchaser at any foreclosure sale if the highest bidder.

Upon the occurrence of an event of default, Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of South Carolina, as it may deem best, including any suit, action or special proceeding in equity or at law for the special performance of any covenant or agreement contained herein or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Mortgaged Property, of a receiver for all or any part of the Mortgaged Property and the earnings, rents and income thereof; the rights here specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such rights, remedies or powers.

SECTION 1004 *Rights of Bondholders.* If an event of default shall have occurred, and if requested so to do by the holders of twenty-five per cent in aggregate principal amount of Bonds then outstanding and if indemnified as provided in Section 1101 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Section

and by Section 1003 as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee or by the Bondholders shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

SECTION 1005 *Right of Bondholders to Direct Proceedings.* Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

SECTION 1006 *Appointment of Receivers.* Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders or the bearers of the coupons under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property and of the rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 1007 *Foreclosure of Indenture.* Upon the occurrence of an event of default, to the extent that such rights may then lawfully be waived,

neither the County, nor anyone claiming through or under it, shall set up, claim, or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the Indenture or the foreclosure of the Indenture, and the County, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisal and redemption to which it may be entitled under the laws of South Carolina.

SECTION 1008 *Application of Moneys.* All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First—To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second—To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the bearer of any unpaid Coupon or the holder of any Bond until such Coupon or such Bond and all unmatured Coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Bonds and the interest thereon shall have been paid under the provisions of this Section 1008 and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Bond Fund shall be paid to the Lessee as provided in Section 510 hereof.

SECTION 1009 Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any

of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or Coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds or bearers of Coupons, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds and the bearers of the outstanding Coupons.

SECTION 1010 *Rights and Remedies of Bondholders.* No holder or bearer of any Bond or Coupon, as the case may be, shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless also a default has occurred of which the Trustee has been notified as provided in subsection (g) of Section 1101, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the holders of twenty-five per cent in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 1101 nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders or bearers of the Bonds or Coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds and the bearers of all Coupons then outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and

interest on any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof and to the bearers of the Coupons the time, place, from the source and in the manner in said Bonds and the Coupons expressed.

SECTION 1011 *Termination of Proceedings.* In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the County and the Trustee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 1012 *Waivers of Events of Default.* The Trustee may in its discretion waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds and shall do so upon the written request of the holders of (1) one-half in aggregate principal amount of all the Bonds then outstanding in respect of which default in the payment of principal and/or interest exists, and (2) one-half in aggregate principal amount of all Bonds then outstanding in the case of any other default; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein, or (b) any default in the payment when due of the interest or premium on any such Bonds unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium when due, as the case may be, and all expenses of the Trustee, in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the County, Trustee and Bondholders and bearers of Coupons shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

SECTION 1013 *Notice of Defaults; Opportunity of the County and Lessee to Cure Defaults.* Anything herein to the contrary notwithstanding, no default specified in Section 1001(a), Section 1001(b) or Section 1001(c) hereof shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than twenty-five per cent of the aggregate principal amount of Bonds then outstanding to the Lessee and the County, and the County shall have had ten days in the case of a default specified in Sections 1001(a) and 1001(b), or shall have had thirty days in the case of a default specified in Section 1001(c), after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, in the case of a default specified in Section 1001(c), if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Lessee or the County as the case may be, within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Lessee under the provisions of this Section 1013, the County hereby grants the Lessee full authority for account of the County to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the County with full power to do any and all things and acts to the same extent that the County could do and perform any such things and acts and with power of substitution.

In the event that the Trustee fails to receive, at least seven days prior to any semi-annual interest payment date, the rental payable by the Lessee under Section 5.3 of the Lease Agreement, the Trustee shall immediately give notice by telegram, or if telegraphic service is not available then by mail, to the Lessee and to the Guarantors specifying such failure.

ARTICLE XI

THE TRUSTEE

SECTION 1101 *Acceptance of the Trusts.* The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the County or the Lessee). The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for insuring the property conveyed hereby, or for collecting any insurance moneys, or for the validity of the execution by the County of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property conveyed hereby or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed hereby pursuant to any provision of this Indenture it shall use due diligence in preserving such property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the County or on the part of the Lessee under the Lease Agreement, except as herein expressly set forth; but the Trustee may require of the County or the Lessee full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property conveyed hereby. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties or obligations of the County, as lessor, under the Lease Agreement.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the County Board by its Chairman and attested by its Secretary as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (g) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the County Board under its seal to the effect that a resolution in the form therein set forth has been adopted by the County as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful default.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the County to cause to be made any of the payments to the Trustee required to be made by Article V unless the Trustee shall be specifically notified in writing of such default by the County or by the holders of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of

such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(h) The Trustee shall not be liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Pledged Property as in this Indenture provided.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the Project, including all books, papers and records of the County pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired; subject to the limitations imposed upon such rights of inspection pursuant to Section 8.2 of the Lease Agreement.

(j) The Trustee shall not be required to give any bond or surety in respect to the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the County to the authentication of any Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

(l) Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

(m) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust

for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

SECTION 1102 *Fees, Charges and Expenses of Trustee.* The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its Ordinary Services rendered hereunder, and all advances, counsel fees and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, in the event that it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the neglect or misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Bond Registrar and paying agent for the Bonds and coupons as hereinabove provided. The Trustee shall have a lien with right of payment prior to payment on account of interest or principal of any Bond upon the Project for the foregoing advances, fees, costs and expenses incurred.

SECTION 1103 *Notice to Bondholders If Default Occurs.* If a default occurs of which the Trustee is by subsection (g) of Section 1101 hereof required to take notice or if notice of default be given as in said subsection (g) provided, then the Trustee shall give such notice to the Lessee and the County as is specified in Section 1013 hereof, and such notice to the Lessee and the Guarantors as is specified in Section 10.1 (b) of the Lease Agreement, in order to have such default mature as an event of default upon the passage of the period of time therein specified and shall give written notice thereof by mail to the last known holders or owners of all Bonds then outstanding shown by the list of Bondholders required by the terms of Section 408 hereof to be kept at the office of the Trustee and by the registration books maintained by the Trustee pursuant to Section 208 hereof.

SECTION 1104 *Intervention by Trustee.* In any judicial proceeding to which the County is a party and which in the opinion of the Trustee

and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five per cent in aggregate principal amount of all Bonds then outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

SECTION 1105 *Successor Trustee.* Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 1106 *Resignation by the Trustee.* The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice to the County and by registered or certified mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by Section 408 hereof to be kept at the office of the Trustee, and such resignation shall take effect at the end of such thirty days, or upon the earlier appointment of a successor Trustee by the Bondholders or by the County. Such notice to the County may be served personally or sent by registered mail.

SECTION 1107 *Removal of the Trustee.* The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the County, and signed by the owners of a majority in aggregate principal amount of all Bonds then outstanding.

SECTION 1108 *Appointment of Successor Trustee by the Bondholders; Temporary Trustee.* In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver

appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the County by an instrument executed and signed by the Chairman of the County Board and attested by the Secretary of the County Board under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the County shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which does not have in the Federal Republic of Germany a permanent establishment (as that term shall be defined in the then existing income tax convention between the United States of America and the Federal Republic of Germany) and which is in good standing, within or outside the State of South Carolina, having a reported capital and surplus of not less than \$100,000,000 or four times the aggregate principal amount of the Bonds then outstanding, whichever is less, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

SECTION 1109 *Concerning Any Successor Trustees.* Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the County an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the County, or of its successor, and upon payment of all amounts due such predecessor pursuant to Section 1102 hereof, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the County be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request,

be executed, acknowledged and delivered by the County. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

SECTION 1110 *Right of Trustee to Pay Taxes and Other Charges.* In case any tax, assessment or governmental or other charge upon any part of the property herein conveyed is not paid as required herein, the Trustee may pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of six per cent per annum, shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the revenues herein pledged to the payment of the Bonds if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five per cent in the aggregate principal amount of all Bonds then outstanding and shall have been provided with adequate funds for the purpose of such payment.

SECTION 1111 *Trustee Protected in Relying Upon Resolutions, etc.* The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

SECTION 1112 *Successor Trustee as Trustee of Bond Fund and Construction Fund, Paying Agent and Bond Registrar.* In the event of a change in the office of Trustee the predecessor Trustee which has resigned or has been removed shall cease to be trustee of the Bond Fund and the Construction Fund, and paying agent for principal of and interest and premium, if any, on the Bonds and Bond Registrar and the successor Trustee shall become such trustee, paying agent and Bond Registrar.

SECTION 1113 *Trust Estate May Be Vested in Separate or Co-Trustee.* It is the purpose of this Indenture that there shall be no violation of any law of

any jurisdiction (including particularly the law of South Carolina) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease Agreement, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the Mortgaged Property, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 1113 are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the County be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the County. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

ARTICLE XII

SUPPLEMENTAL INDENTURES

SECTION 1201 *Supplemental Indentures Not Requiring Consent of Bondholders.* The County and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures

supplemental to this Indenture as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

(c) to subject to the lien and pledge of this Indenture additional revenues, properties or collateral; and

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law.

The County and the Trustee shall without the consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to this Indenture (i) with respect to the issuance of up to \$10,000,000 aggregate principal amount of additional parity Bonds as provided in Section 209 hereof and the inclusion of additional Mortgaged Property in connection therewith, (ii) to the extent necessary with respect to the land and interests in land machinery and equipment forming a part of the Project and generally described in Exhibits A and B attached hereto so as to more precisely identify the same or to substitute or add additional land or interests in land, machinery and equipment, (iii) with respect to any changes required to be made in the description of the Mortgaged Property in order to conform with similar changes made in the Lease Agreement as permitted by Section 1301.

SECTION 1202 *Supplemental Indentures Requiring Consent of Bondholders.* Exclusive of Indentures supplemental hereto covered by Section 1201 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the County and the Trustee of such other indenture or indentures supplemental hereto as shall

be deemed necessary and desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment of interest on, or reduction of any premium payable on the redemption of, any Bonds, without the consent of the holder of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by the sinking fund provided in Section 305, or (c) the creation of any lien (other than any Permitted Encumbrances as defined in the Lease Agreement) prior to or on a parity with the lien of this Indenture, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (e) modify the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the County shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be published as shall be requested by the County and in any event one time in a newspaper or financial journal of general circulation published in the City of New York, New York. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the County following the final publication of such notice, the holders of not less than two-thirds in aggregate principal amount of the Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond and no bearer of any Coupon shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the County from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this

Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII which affects any rights of the Lessee shall not become effective unless and until the Lessee shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Lessee at least fifteen days prior to the proposed date of execution and delivery of any supplemental indenture. The Lessee shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Lessee on or before 2:30 o'clock P.M., EST, of the fifteenth day after the mailing of said notice and a copy of the proposed supplemental indenture.

SECTION 1203 *Supplemental Indentures Requiring Consent of Guarantors.* Exclusive of indentures supplemental hereto referred to in subparagraphs (a), (b) and (c) of the first paragraph of Section 1201 hereof and clauses (ii) and (iii) of the second paragraph of Section 1201 hereof, no indenture supplemental hereto shall be effective for any purpose unless and until it shall have been approved in writing by each of the Guarantors.

ARTICLE XIII

AMENDMENT OF LEASE AGREEMENT

SECTION 1301 *Amendments, etc., to Lease Agreement Not Requiring Consent of Bondholders.* The County and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement and this Indenture, (ii) in connection with the issuance of up to \$10,000,000 principal amount of additional parity Bonds as provided in Section 209 hereof; (iii) for the purpose of curing any ambiguity or formal defect or omission, (iv) in connection with the land and interests in land, machinery and equipment described in Exhibits A and B to the Lease Agreement so as to identify more precisely the same or substitute or

add additional land or interests in land or machinery and equipment, or (v) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds.

SECTION 1302 *Amendments, etc., to Lease Agreement Requiring Consent of Bondholders.* Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the County nor the Trustee shall consent to any other amendment, change or modification of the Lease Agreement without publication of notice and the written approval or consent of the holders of not less than two-thirds in aggregate principal amount of the Bonds at the time outstanding given and procured as in Section 1202 provided. If at any time the County and the Lessee shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be published in the same manner as provided by Section 1202 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders.

ARTICLE XIV

MISCELLANEOUS

SECTION 1401 *Consents, etc., of Bondholders.* Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

- (a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such juris-

diction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of the holding by any person of Bonds and/or Coupons transferable by delivery and the amounts and numbers of such Bonds, and the date of the holding of the same, may be proved by a certificate executed by any trust company, bank or bankers, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such banker, as the property of such party, the Bonds and/or Coupons therein mentioned if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such Bonds and/or Coupons have been deposited with a bank, bankers or trust company, before taking any action based on such ownership. In lieu of the foregoing the Trustee may accept other proofs of the foregoing as it shall deem appropriate.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, such person shall be deemed to continue to be the holder of such Bond and/or Coupon until the Trustee shall have received notice in writing to the contrary.

SECTION 1402 *Limitation of Rights.* With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the holders of the Bonds and the bearers of Coupons appertaining thereto, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders of the Bonds and the bearers of such Coupons as herein provided.

SECTION 1403 *Severability.* If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any Constitution or statute or rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any

other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Indenture contained, shall not affect the remaining portions of this Indenture, or any part thereof.

SECTION 1404 *Notices.* All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, addressed as follows: if to the County, to Spartanburg County Board of Control, Spartanburg, South Carolina; if to the Lessee, at 485 Lexington Avenue, New York, New York 10017, Attention: President; and if to the Trustee, at

; and if to the Guarantors, to Hercules Incorporated, Hercules Tower, 910 Market Street, Wilmington, Delaware 19899, Attention: Treasurer's Office, and Farbwerke Hoechst AG vormals Meister Lucius & Bruning, Frankfurt (M)—Höchst, Germany, Attention: Finance Department. The County, the Lessee, the Guarantors and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 1405 *Trustee as Paying Agent and Registrar.* The Trustee is hereby designated and agrees to act as a paying agent and the Bond Registrar for and in respect to the Bonds.

SECTION 1406 *Payments Due on Sundays and Holidays.* In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Sunday or shall be in
or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date in such city but may be made on the next succeeding business day not a Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 1407 *Counterparts.* This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1408 *Laws Governing Indenture and Situs and Administration of Trust.* The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of South Carolina, but it is the intention of the County that the situs of the trust created by this Indenture be in the state in which is located the principal office of the Trustee from time to time acting under this Indenture. The word "Trustee" as used in the preceding sentence shall not be deemed to include any additional individual or institution appointed as a separate or co-trustee pursuant to Section 1113 of this Indenture. It is the further intention of the County that the Trustee administer said trust in the state in which is located, from time to time, the situs of said trust.

IN WITNESS WHEREOF, Spartanburg County has caused these presents to be signed in its name and behalf by the Chairman of the Spartanburg County Board of Control and its corporate seal to be hereunto affixed and attested by the Secretary of said Board, and to evidence its acceptance of the trusts hereby created, _____ has caused these presents to be signed in its name and behalf by one of its _____, its official seal to be hereunto affixed, and the same to be attested by one of its Assistant Secretaries, all as of the first day of October, 1967.

SPARTANBURG COUNTY, SOUTH CAROLINA

By _____
Chairman of the Spartanburg
County Board of Control

(SEAL)

Attest:

Secretary of the Spartanburg
County Board of Control

In the presence of:

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By

Trust Officer

(SEAL)

Attest:

Assistant Secretary

In the presence of:

STATE OF
COUNTY OF

} ss.:

Personally appeared before me
who being duly sworn says that he saw the corporate seal of
affixed to the foregoing Trust Indenture, and that he also
saw _____, as
and _____, as
of _____, sign and attest the same, and that he
with _____ witnessed the execution
and delivery thereof as the act and deed of the said _____

Sworn to before me this

day of _____, 1967.

Notary Public

My Commission expires

STATE OF
COUNTY OF

} ss.:
}

Personally appeared before me
who being duly sworn says that he saw the corporate seal of
affixed to the foregoing Trust Indenture, and that he also
saw _____, as
and _____, as
of _____, sign and attest the same, and that he
with _____ witnessed the execution
and delivery thereof as the act and deed of the said _____

Sworn to before me this
day of _____, 1967.

Notary Public

My Commission expires

(2473)

E N D