

AGENDA MATERIALS
AND SUPPORTING DOCUMENTS
FOR THE MEETING OF
MARCH 26, 1968

Pod. note
3-26-66

2:00 PM
WTH

All present

P.C.S. 117-120

Marshall's Wilson's Warbler, Bay. Gnat, Cedar Grosbeak.

2:00 PM

Marshall's Warbler -
and Drought.

Impresso band fully

11:00

HOUSE OF REPRESENTATIVES
STATE OF SOUTH CAROLINA
STATE HOUSE
COLUMBIA, SOUTH CAROLINA

FROM THE DESK OF:

THEODORE B. GUERARD
MEMBER FROM CHARLESTON COUNTY

~~6500000~~
Sol. Mtg
3:00 - 3/12/68
Gen. Ofc.

6500000
B. Hurtuford Co.
Ind. Pm. Bonds
2,000,000
MacAndrew & Fisher
Fisher Mfg.

(Additional item)
1345

SINKLER, GIBBS & SIMONS
ATTORNEYS & COUNSELLORS AT LAW

TELEPHONE 722-3367
AREA CODE 803

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

2 PRIOLEAU STREET
CHARLESTON, S. C. 29402

April 15th, 1968

R. H. Griffith, Esq.
Clerk & Road Supervisor,
Chesterfield County
Chesterfield, South Carolina

Re: MacAndrews & Forbes - Chesterfield County

Dear Bob:

Enclosed you will find the original and 10 copies of the Resolution to be adopted by the Board of County Commissioners authorizing the Petition to the State Budget and Control Board for approval of the MacAndrews & Forbes Project, together with the original and 10 copies of the Petition. When the Resolution has been adopted the original should be placed in the County's records and a certified copy, together with an executed copy of the Petition should be forwarded to Mr. P. C. Smith, Secretary of the State Budget and Control Board. The enclosed documents refer to a proposed Lease and to a proposed Trust Indenture. These instruments will be in the usual form and will incorporate the conditions set forth in the Purchase Agreement between the County and the Underwriters which was executed last week. Consequently, drafts of the Lease and of the Trust Indenture will be forthcoming in the near future.

We are today forwarding to Mr. Smith at the State Budget and Control Board a proposed Resolution approving the Petition of the Board of County Commissioners. The Budget and Control Board will probably meet this week and we ask that you make every effort to have the enclosed Petition in Mr. Smith's hands as early as possible.

If you have any questions, please let us hear from you.

Very truly yours,

Sinkler, Gibbs & Simons

TBG/bhs
Enclosures

cc: Robert T. Carlton, Esq.
Peter C. Mohr, Esq.
Thomas H. Kepley, Esq.
✓ Hon. P. C. Smith

cc: L. C. Wannamaker, Esq.
James R. Hendrix, Esq.
J. Nathan McCarley, Jr., Esq.

STATE OF SOUTH CAROLINA

COUNTY OF CHESTERFIELD

TO THE STATE BUDGET AND CONTROL)

BOARD OF SOUTH CAROLINA)

) P E T I T I O N
)

Petition of the Board of County Commissioners of
Chesterfield County (the County Board), pursuant to Act No. 103
of the Acts of the General Assembly of the State of South
Carolina for the year 1967, respectfully shows:

1. The County Board is the governing body of Chester-
field County and was so constituted by the statute now codified
as Article 2, Chapter 29, Title 14, Code of Laws of South Carolina,
1962, and as such it is the "County Board" referred
to in Act No. 103 of the General Assembly enacted at its 1967
Session (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 se-
cured by a pledge of the revenues to be derived from such enter-
prise.

3. The County Board proposes to acquire a tract of land
in Chesterfield County, containing 125 acres, more or less (a
portion of which it has already recently acquired) and construct
thereon a plant and install therein equipment and machinery
necessary for the manufacture of fiber (the Project) at a cost of

approximately \$6,500,000. The County Board will finance the cost thereof through the issuance of Industrial Revenue Bonds of Chesterfield County (the Bonds), in accordance with the provisions of a Purchase Agreement which the County Board has entered into with Hendrix, Mohr & Head, Inc. and McCarley & Company, Inc. dated April 12, 1968, and has agreed to lease the Project to MacAndrews & Forbes Company, a New Jersey corporation (MacAndrews & Forbes).

4. The County Board, to implement the said agreement, now proposes to issue the Bonds in the amount of \$6,500,000 in order to acquire the Project and lease the same to MacAndrews & Forbes.

5. The construction of the Project will provide considerable employment during the period of construction, and will provide further employment in its operation.

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

(a) That the proposed MacAndrews & Forbes 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) The proposed Lease between the County Board and MacAndrews & Forbes will unconditionally obligate MacAndrews & Forbes to pay rent in an amount adequate to provide for the

principal and interest payments on the Bonds which mature and bear interest as follows:

| MARCH 1 | PRINCIPAL PAYABLE | RATE OF INTEREST |
|---------|----------------------|---------------------|
| 1970 | \$700,000 | 5.10% |
| 1971 | 650,000 | 5.20% |
| 1972 | 550,000 | 5.30% |
| 1973 | 400,000 | 5.40% |
| 1974 | 400,000 | 5.50% |
| *1975 | 400,000 | 6-5/8% |
| 1976 | 100,000 | 6-5/8% |
| 1977 | 400,000 | 6-5/8% |
| 1978 | 400,000 | 6-5/8% |
| 1979 | 400,000 | 6-5/8% |
| 1980 | 400,000 | 6-5/8% |
| 1981 | 400,000 | 6-5/8% |
| 1982 | 400,000 | 6-5/8% |
| 1983 | 400,000 | 6-5/8% |
| 1984 | 100,000 | 6-5/8% |
| 1985 | 100,000 | 6-5/8% |
| 1986 | 100,000 | 6-5/8% |
| 1987 | 100,000 | 6-5/8% |
| 1988 | 100,000 | 6-5/8% |

* \$3,800,000 term bonds due March 1, 1988 are payable as set forth above in the years 1975 through 1988, inclusive, under mandatory redemption provisions of the Trust Indenture hereinafter mentioned.

(d) MacAndrews & Forbes is a corporation with a well established credit and therefore it is unnecessary to establish reserve funds for the payment of such principal and interest.

(e) That the terms of the Lease will require MacAndrews & Forbes 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 facilities for the manufacture of fiber.

(b) The Project will provide considerable employment during the period of its construction and will provide employment for approximately 400 persons during the period of its operation. It is therefore believed that the Project will have an extremely beneficial effect upon the economy of the County and areas adjacent thereto.

(c) The cost of the Project is approximately \$6,500,000, including construction cost, equipment and cost of land.

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

(a) To finance the cost of the acquisition, construction and equipment the County will issue \$6,500,000 of Chesterfield County Industrial Revenue Bonds. All bonds will be secured by a pledge of the rents to be paid by MacAndrews & Forbes and will be further secured by a Trust Indenture, as authorized by Section 5 of the Act, to North Carolina National Bank, Charlotte, N. C. as Trustee.

(b) 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, construction and equipment of the Project, including the repayment of expenses incurred in connection with the issuance of the Bonds.

(c) The Lease contains a specific provision by which MacAndrews & Forbes has unconditionally agreed to make payments to Chesterfield County, to the School District of Chesterfield 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 Chesterfield County by the said School District and by said political units if the Project were owned by MacAndrews & Forbes, but with appropriate reductions similar to the tax reductions, if any, which would be afforded by MacAndrews & Forbes were it the owner of the Project.

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

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

(c) 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 \$6,500,000 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

MacAndrews & Forbes are placed and the use of said fund for the payment of the Bonds. It imposes upon MacAndrews & Forbes as Lessee of the Project, the obligation to pay, in addition to the moneys 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 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 Budget and Control 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 and the Trust Indenture, as it deems advisable, and that thereafter, the said 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,

BOARD OF COUNTY COMMISSIONERS OF
CHESTERFIELD COUNTY

Charles M. Ingram

Chairman, Board of County Commissioners of Chesterfield County.

(SEAL)

Attest:

R. M. Griffith

Secretary, Board of County Commissioners of Chesterfield County.

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

1. Heretofore the County Board and MacAndrews & Forbes Company, a New Jersey corporation (MacAndrews & Forbes) did agree that the County Board should undertake the construction of a manufacturing plant in Chesterfield County and the installation therein of equipment and machinery necessary for the manufacture of fiber (the Project) and that the County Board would finance the cost thereof through the issuance of Industrial Revenue Bonds of Chesterfield County (the Bonds) pursuant to Act No. 103 enacted by the General Assembly of South Carolina at its 1967 Session (the Act).

2. In order that the Bonds may be issued to finance the Project, 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 Chesterfield County or a charge against its general credit or taxing power.

4. The amount necessary to finance the Project is Six Million Five Hundred Thousand Dollars (\$6,500,000).

5. MacAndrews & Forbes has submitted to the County Board the form of a proposed Lease under which MacAndrews & Forbes agrees to pay as rent the amount necessary to provide the annual payments of principal and interest on the Bonds, which bear

interest and mature as set forth in the Purchase Agreement between the County Board, as one party, Hendrix, Mohr & Head, Inc. and McCarley & Company, Inc. (the Underwriters) as the other party, dated April 12, 1968 (the Purchase Agreement).

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

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

8. The proposed Lease obligates MacAndrews & Forbes unconditionally to pay the amount necessary to provide the annual payments of principal and interest to become due on the Bonds and to pay other costs in connection therewith and contains an appropriate provision requiring MacAndrews & Forbes to pay in lieu of taxes, such amounts as would otherwise be paid if MacAndrews & Forbes owned the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF CHESTERFIELD COUNTY, 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 finance the Project above described, and formally to ratify and confirm all action heretofore taken in the name of the County Board relating to the execution and delivery of the Purchase Agreement.

s

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 copy of the proposed Lease between the County Board and MacAndrews & Forbes;
- (b) 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; and that all action heretofore taken in the name of the County Board relating to the Purchase Agreement, including specifically the execution and delivery thereof in the name of the County Board by its Chairman and Secretary, be and the same hereby are ratified and confirmed and made the act and deed of the County Board.

(SEAL)

Charles M. Ingram
Chairman

Robert H. Bailey
Constituting the members of the
Board of County Commissioners of
Chesterfield County

Attest:

R. A. Griffith
Secretary of the Board of
County Commissioners of
Chesterfield County

STATE OF SOUTH CAROLINA,

COUNTY OF CHESTERFIELD.

I, the undersigned, Secretary of the Board of County Commissioners of Chesterfield County, DO HEREBY CERTIFY:

That the foregoing is a true, correct and verbatim copy of the Resolution duly adopted by said Board of County Commissioners 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 unanimously 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 Board, this 16th day of APRIL, 1968.

(SEAL)

B. H. Griffith
Secretary, Board of County Commissioners of Chesterfield County.

STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON

TO THE STATE BUDGET AND CONTROL

PETITION

BOARD OF SOUTH CAROLINA

The Petition of the County Board of Commissioners of Lexington County, South Carolina, (the "County Board"), respectfully shows:

1. Act 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967 ("Act 103") authorizes and empowers the County Board, if it shall comply with the provisions set forth in Act 103, 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.

2. Allis-Chalmers Manufacturing Company ("Allis-Chalmers") and the County Board have agreed that the County will acquire a tract of land in Lexington County, South Carolina, near the Town of Lexington and will construct thereon new facilities for the manufacture of various lines of machinery and equipment (the "Project"), at a presently estimated cost of \$2,300,000.00, including all costs of financing and interest to accrue during the period of time permitted by Act 103. The Project will be leased to Allis-Chalmers.

3. The construction of the Project will provide considerable employment, during the period of construction, and will result in the employment of more than two hundred (200)

/ 1357

persons in its operation.

4. For the reasons above set forth and hereinafter disclosed, the County Board has found:

(a) That the proposed Allis-Chalmers Project will subserve the purposes of Act 103.

(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, and that appropriate provisions appear in the Lease and Agreement indemnifying the County against pecuniary liability by reason of the undertaking.

(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 \$200,000. 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) In view of the well established credit of Allis-Chalmers it has been determined that it is unnecessary to establish reserve funds for the payment of principal and interest.

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

5. Pursuant to Section 14 of Act 103, 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 various lines of machinery and equipment.

(b) The Project will provide considerable employment both during the period of its construction and thereafter during the period of its operation. 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 \$2,300,000.

6. The proposed Lease and Agreement will provide, among other things, the following:

(a) The County will construct the Project under the supervision of representatives of Allis-Chalmers.

(b) To finance the cost of the acquisition and construction the County will issue not exceeding \$2,300,000 Lexington County, South Carolina, Industrial Revenue Bonds, 1968 Allis-Chalmers Project (the "Bonds"). The Bonds will be secured by a pledge of the rents to be paid by Allis-Chalmers and will be further secured by a Trust Indenture, as authorized by Section 5 of Act 103, to a yet unnamed bank as Trustee.

(c) The proceeds derived from the sale 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 the other purposes set forth in said Trust Indenture.

(d) The Lease and Agreement contains a covenant obligating Allis-Chalmers to cause the Project to be completed 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 and Agreement 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 and Agreement provide that in the event of the enactment into law of legislation by the United States Congress which has the effect of making interest on the Bonds subject to Federal income tax, Allis-Chalmers will purchase the Project from the County. The purchase price is to be an amount which, together with the amount of available funds then held by the Trustee under the Trust Indenture, is sufficient to redeem the Bonds on the next date on which the Bonds may be redeemed as a whole after giving the necessary notice. Allis-Chalmers also agrees in the Lease and Agreement that in the event it shall so purchase the Project, it will at its own expense complete the Project.

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

(h) The Lease and Agreement contains no provision imposing any pecuniary liability upon the County or which would create a charge upon its general credit or taxing powers, and contains an appropriate provision indemnifying the County against pecuniary liability.

7. The proposed Trust Indenture is in conventional form and constitutes a foreclosable 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 as part of the Project;

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

(d) All rentals and revenues derived by the County under the Lease and Agreement, (not including payments to be made in lieu of taxes) and pledged to the payment of the principal of and interest on the Bonds.

The Trust Indenture makes provision for the issuance of not exceeding \$2,300,000 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 Allis-Chalmers are placed and the use of said funds for the payment of the Bonds. It imposes upon Allis-Chalmers, as lessee of the Project, the obligation to pay, in addition to the moneys 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 Trust Indenture and the issuance of the Bonds pursuant thereto.

8. Presented with this Petition are copies of the Resolution adopted by the County Board on the 8th day of March, 1968, the proposed Lease and Agreement, and the proposed Trust

Indenture. While there will be changes in these documents before their execution, no change to be made will adversely affect the County, modify the obligation of the lessee of the Project to make payments in lieu of taxes, or impose upon the County any pecuniary liability or any charge against its credit and taxing power.

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

That the State Budget and Control Board accept the filing of the Petition presented herewith and, as soon as practicable, make its independent investigation of the Project and the terms and provisions of the Lease and Agreement and the Trust Indenture, and that thereafter, the said State Board make a finding that the proposed Project will promote the purposes of Act 103 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 Act 103.

Respectfully submitted,

County Board of Commissioners of Lexington County

By

Chairman

(SEAL)

Attest:

Archie P. Hendrix
Clerk

Dated:

March 8th, 1968.

1362

3/13/68
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RESOLUTION OF
STATE BUDGET AND CONTROL BOARD OF SOUTH CAROLINA

WHEREAS, heretofore the County Board of Commissioners of Lexington County, South Carolina (the "County Board") has petitioned the State Budget and Control Board of South Carolina (the "State Board") pursuant to Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967 (Act 103) seeking the approval of the State Board to an undertaking by the County Board pursuant to Act 103; and

WHEREAS, the proposed undertaking consists of the acquisition by Lexington County, South Carolina (the County) of a tract of land near the Town of Lexington, in Lexington County, South Carolina, from Allis-Chalmers Manufacturing Company, a Delaware corporation ("Allis-Chalmers"), and the construction thereon of a manufacturing plant for the manufacture of various equipment (said land and plant being hereinafter referred to as "the Project"); and

WHEREAS, the Project is to be leased to Allis-Chalmers at a rental sufficient to provide for the payment of the bonds of the 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 issue of not exceeding \$2,300,000 Lexington County, South Carolina, Industrial Revenue Bonds, 1968 Allis-Chalmers Project (the "Bonds"), payable from the rentals derived from Allis-Chalmers and additionally secured by a Trust Indenture; and

WHEREAS, drafts of the Lease and Agreement between the County and Allis-Chalmers and the Trust Indenture between the County and

the yet unnamed Trustee have been submitted to 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 statements of fact 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 Agreement and the Trust Indenture referred to in the recitals hereof, and has established that Allis-Chalmers will pay as additional rentals, in lieu of taxes, the sums prescribed by Section 6 of Act 103;

(c) That the Project will provide employment in its operation, and will be of benefit to the County and adjoining areas;

(d) That the Project is intended to promote the purposes of Act 103 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 the land included in the Project, to lease the same to Allis-Chalmers which will construct a manufacturing plant thereon, and to finance the cost thereof through the issuance of the 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 the County above described shall be published in

THE STATE, which is a newspaper having general circulation in Lexington County.

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

NOTICE PURSUANT TO ACT NO. 103 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 by the County Board of Commissioners of Lexington County, pursuant to the above Act 103 and hereinafter referred to as "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 a parcel of land near the Town of Lexington, in Lexington County, South Carolina and the construction of a manufacturing plant thereon, which will be leased to Allis-Chalmers Manufacturing Company, a Delaware corporation ("Allis-Chalmers"). To finance the cost of the acquisition of the said land and the construction of the manufacturing plant thereon (the "Project"), the County Board will issue not exceeding \$2,300,000 Lexington County, South Carolina, Industrial Revenue Bonds, 1968 Allis-Chalmers Project (the "Bonds"). The Bonds will be payable solely from the rentals to be paid to the County by Allis-Chalmers 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.

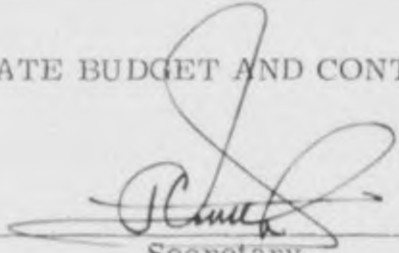
In addition, Allis-Chalmers has agreed to pay as additional rentals to Lexington County, the School District of Lexington County, and all other political units wherein the Project is located, in lieu of taxes, such amounts as would result from taxes levied on the Project by Lexington County, the said School District, and the said other political

units wherein the Project is situate, if the Project were owned by Allis-Chalmers, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to Allis-Chalmers if it were the owner of the Project.

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 Lexington County.

THE STATE BUDGET AND CONTROL BOARD

By


Secretary

Publication Date:

March , 1968

STATE OF SOUTH CAROLINA,

COUNTY OF RICHLAND.

I, P. C. SMITH, Auditor of the State of South Carolina, and Secretary of the State Budget and Control Board, DO HEREBY CERTIFY:

That the said State Budget and Control Board is composed of the following:

His Excellency, Robert E. McNair, Governor
of South Carolina and Chairman of the Board;

The Honorable Grady L. Patterson, Jr.,
State Treasurer;

The Honorable Henry Mills, Comptroller
General of South Carolina;

The Honorable Edgar A. Brown, Chairman of the
Senate Finance Committee; and

The Honorable Robert J. Aycock, Chairman of the
House Ways and Means Committee.

That due notice of meeting of said Board, called to be held at the office of the ~~State Auditor~~ ^{Governor}, in the ~~Hampton Office~~ ^{Capital} Building, at Columbia, South Carolina, at 3:00 P.M., Wednesday, the 13 day of March, 1968, was given to all members in writing, ~~and at least four days prior to said meeting~~; and that all members of said Board were present at said meeting, with the exception of :

Mr. Patterson

That at said meeting, a resolution, of which the attached is a true, correct and verbatim copy, was introduced by Mr. Brown, who moved its adoption; said motion was seconded by Mr. Aycock, and upon the vote being taken and recorded it appeared that the following votes were cast:

FOR MOTION

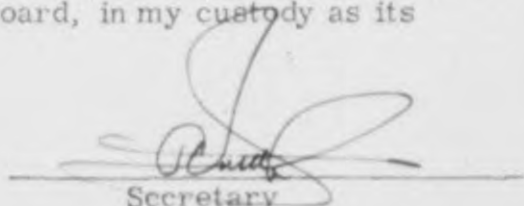
AGAINST MOTION

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The Chairman thereupon declared the Resolution unanimously adopted, and the original thereof has been duly entered in the permanent records of minutes of meetings of said Board, in my custody as its Secretary.

March 13, 1968


Secretary

LEXINGTON COUNTY, SOUTH CAROLINA

AND

ALLIS-CHALMERS MANUFACTURING COMPANY

LEASE AND AGREEMENT

Dated as of March 1, 1968

LEASE AND AGREEMENT

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LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT made as of this first day of March, 1968, by and between LEXINGTON COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (called "Lessor") and ALLIS-CHALMERS MANUFACTURING COMPANY, a corporation organized under and existing by virtue of the laws of the State of Delaware, but authorized to do business in the State of South Carolina (called "Lessee"):

WITNESSETH:

WHEREAS, the Lessor 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 Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967 (the "Act"), to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder in order to promote industrial development of the State and develop trade by inducing manufacturing, and commercial enterprises to locate in the State, and thus utilize and employ the manpower, agricultural products and natural resources of the State; and

WHEREAS, to accomplish such purposes the Lessor proposes to acquire and construct a building, including the site therefor and improvements, machinery, equipment and related facilities, for use as an industrial plant for the manufacture of various lines of machinery and equipment and thereupon to lease the same to the Lessee, which leasing will induce the Lessee to establish a manufacturing and industrial enterprise in Lexington County, South Carolina; and

WHEREAS, by proper action of the County Board and the State Budget and Control Board of South Carolina, the Lessor has been duly authorized to execute and deliver this Lease and Agreement; and

WHEREAS, the Lessee is authorized under its Certificate of Incorporation and By-Laws and under the laws of the State of its incorporation to enter into this Lease and Agreement and to perform all covenants and obligations on its part to be performed under and pursuant to this Lease and Agreement; and

WHEREAS, the Lessee is not prohibited under the terms of any outstanding trust indentures, deeds of trust, mortgages, loan agreements or other instruments or evidences of indebtedness of whatever nature from entering into this Lease and Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Lease and Agreement and affirmatively so represents to Lessor; and

WHEREAS, the Lessor in order to provide funds for the cost of acquisition and construction of the Project and for incidental and related costs, will issue and sell its Industrial Revenue Bonds in the amount of \$2,200,000 (the "Bonds") pursuant to the Act, a resolution of the County Board (the "Resolution") and a Trust Indenture (the "Indenture") dated as of March 1, 1968 by and between the Lessor and The South Carolina National Bank, as Trustee (the "Trustee") securing the Bonds;

NOW, THEREFORE, 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 Lessor herein contained, any obligation it may 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 lease rentals, revenues and receipts derived from or in connection with the Project, including moneys received under this Lease and Agreement):

ARTICLE I

CONSTRUCTION OF PROJECT

SECTION 101. Lessor will acquire the lands described in Exhibit A attached hereto and made a part hereof (called "lands") and will construct and equip or cause to be constructed and equipped thereon buildings and improvements (called "improvements") substantially according to plans, specifications and drawings

heretofore approved by Lessor and Lessee, with such changes and substitutions as may be reasonably requested by Lessee. Lessor further agrees that it will purchase and install or cause to be purchased and installed in the improvements, or elsewhere, machinery, equipment and other personal property generally described in Exhibit B attached hereto and made a part hereof, with such changes and substitutions as it may reasonably be requested by Lessee (called "Lessor's machinery and equipment"). The lands, improvements and Lessor's machinery and equipment are herein collectively called the "Project". All contractors, materialmen, vendors, suppliers and other companies, firms or persons furnishing labor, services or materials for or in connection with the Project shall be designated by the Lessee, and all contracts and other arrangements by the Lessor with such contractors, materialmen, vendors, suppliers and other companies, firms or persons shall be subject to the approval of the Lessee. The construction and equipping of the Project and the acquisition and installation of the machinery, equipment and other property therein shall be supervised by a Project Supervisor who shall be an engineer designated by the Lessor as such Project Supervisor, with the approval of the Lessee, and who may or may not be an officer or employee of the Lessee.

The County will obtain title insurance, which shall be initially in the amount of \$2,250,000, insuring its title to the lands free from all encumbrances other than "Permitted Encumbrances" (hereinafter defined). "Permitted Encumbrances" means as of any particular time, (i) liens for ad valorem taxes not then delinquent, (ii) this Lease and Agreement and the Indenture, (iii) utility, access and other easements and rights of way and encroachments that the Lessee certifies will not interfere with or impair the operations of the Project, (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 which shall be approved by the Lessor and the Lessee as not materially impairing the use of the property affected thereby for the purpose for which it was acquired or is held by the Lessor, and (v) mechanics' and materialmen's liens not filed or perfected in the manner prescribed by Chapter 5 of Title 45, Code of Laws, South Carolina, 1962, as in effect on the date hereof, or otherwise. Any proceeds of such title insurance shall be paid to the Trustee for deposit in the Bond Fund under the Indenture, except that, if so requested by the Lessee, such proceeds shall be applied to remedy the defect in title.

Lessor shall obtain all necessary approvals from any and all governmental agencies requisite to the constructing and equipping of the Project, and the Project shall be constructed and equipped in compliance with all State and local laws, ordinances and regulations applicable thereto. Upon completion of the constructing and equipping of the Project, Lessee shall obtain all required occupancy permits and authorizations from appropriate authorities, if any be required, authorizing the occupancy and uses of the Project for the purposes contemplated by the Lessee.

SECTION 102. Lessor shall see that there is in full force and effect at all times during the constructing and equipping of the Project fire and extended coverage insurance on the improvements and Lessor's machinery and equipment to the full insurable value thereof, with loss payable clauses to the Lessor, the Lessee and the Trustee as their interests may appear. The premiums shall be considered part of the Project costs (hereinafter defined).

SECTION 103. Costs incurred by Lessor in discharging its obligations under Section 101 hereof and in other sections of this Article I shall be referred to as "Project costs" and it is estimated that the Project costs will not exceed the sum of Two Million Two Hundred Thousand Dollars (\$2,200,000), or the net proceeds of the sale of the Bonds (exclusive of accrued interest), if less than \$2,200,000 because of the sale price or because less than all of the authorized bonds are sold and delivered, plus any income or other gains from investments of moneys in the Construction Fund (hereinafter referred to) and less any losses on investments of moneys in the Construction Fund and that if the Project costs should exceed the amount available therefor, the Project shall be completed, and the Lessee hereby agrees to pay the entire amount of any such excess. Project costs, as that term is used in this Lease and Agreement, shall include all costs and expenses of every nature incurred in the completion of the Project, all costs and expenses incidental thereto, and all costs and expenses incurred in connection with the issuance of the Bonds, including, without limitation, the following:

(1) All amounts paid by Lessor in discharge of its obligations under Section 101 hereof, including without limitation, all amounts paid in the acquisition of the lands and paid under all construction, engineering, architectural or other contracts;

(2) All amounts paid by Lessor for changes;

(3) All payments incurred in acquiring Lessor's machinery and equipment;

(4) All costs and expenses incurred in installing Lessor's machinery and equipment;

(5) All amounts necessary to reimburse Lessee for any work performed, materials purchased or expenditures incurred by Lessee pertaining to or in connection with the Project and its operation prior to completion including, without limitation, the charges of any architects or engineers for plans, specifications and drawings for the Project, the cost of architectural or other supervisory personnel in connection with the constructing and equipping of the Project and the charges of any surveyors or engineers employed to make plans, or conduct tests or analyses, with respect to the lands;

(6) Any cost or expense, not otherwise provided for herein, incurred by Lessor under and pursuant to the provisions of this Article I pertaining to the constructing and equipping and insuring (as provided in Section 102) of the Project;

(7) The cost of any policy or policies of title insurance and the cost of any performance bonds and insurance procured in connection with the constructing and equipping of the Project;

(8) The amount of interest on the Bonds accruing from the date of their delivery to March 1, 1969;

(9) Such other and additional fees, costs, expenses and expenditures of whatever nature incidental or pertaining to the completion of the Project or financing thereof, including Trustee's fees and expenses and Paying Agents' fees.

There shall be deducted from the total proceeds of the sale of the Bonds (being the purchase price paid by the purchaser plus accrued interest from the date of the Bonds to the date of delivery) an amount equal to interest on the Bonds accrued and accruing to March 1, 1969, and the amount so deducted will be deposited in a Bond Fund to be established pursuant to the provisions of the Indenture, and the remainder of the total sale proceeds shall be deposited in a Construction Fund to be established pursuant to the provisions of the Indenture. The Lessee shall be credited with the said amount so deposited in the Bond Fund against Lessee's basic rent obligations as and to the extent set forth in Section 203 of this Lease and Agreement.

Lessor agrees to cause appropriate provisions to be inserted in the Indenture specifying that the moneys in the Construction Fund shall be expended solely for the payment of the Project costs and specifying the procedures and requirements governing disbursements from the Construction Fund, which provisions must be satisfactory to Lessee. Any amount remaining in the Construction Fund after payment or provision for payment of all Project costs shall be transferred to and deposited in the Bond Fund, and the Lessee shall be credited with said amount against Lessee's basic rent obligations as and to the extent set forth in Section 203 of this Lease and Agreement.

SECTION 104. Lessee and its agents, servants, employees and representatives shall have full access to the Project during the construction thereof, and Lessee agrees that, immediately upon completion of the construction and equipping of the Project, it will enter into full possession of and occupy the same under and pursuant to the terms of this Lease and Agreement. Lessee and its agents, servants, employees and representatives shall have the right to store and install machinery and equipment, fixtures and supplies in the Project during construction so long as such activities on the part of the Lessee do not unreasonably interfere with work being performed under contracts let by the Lessor. Lessor covenants that the Lessee, upon paying the rentals and performing all covenants, obligations and agreements on the part of Lessee to be performed under this Lease and Agreement, shall and may peaceably and quietly have, hold and enjoy the leased premises (as hereinafter defined) for the term of this Lease and Agreement.

SECTION 105. A. Lessor covenants that it will take such action and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently in accordance with the terms of said contracts, including, without limitation, the correcting of any defective work, with all expenses incurred by Lessor in connection with the performance of its obligations under this Section 105 to be considered part of the Project costs as defined in Section 103, and Lessor agrees that the Lessee may, from time to time, in its own name, or in the name of Lessor, take such action as may be necessary or advisable, as determined by Lessee, to insure the construction of the Project in accordance with the terms of such construction contracts and the installation of machinery and equipment in accordance with any applicable contract pertaining thereto, to insure the peaceable and quiet enjoyment of the leased premises (as hereinafter defined) for the term of the Lease and Agreement, and to insure the performance by Lessor of all covenants and obligations of Lessor under this Lease and Agreement, with all costs and expenses incurred by Lessee in connection therewith to be considered as part of the Project costs as defined in Section 103.

B. Lessor will extend to Lessee all vendor's warranties received by Lessor in connection with all machinery and equipment purchased by Lessor for the Project, together with any warranties given by contractors, manufacturers or service organizations who perform construction work or install any machinery and equipment on the leased premises. If requested, Lessor shall execute and deliver appropriate instruments to Lessee to accomplish the foregoing.

ARTICLE II

TERM OF LEASE AND RENTAL

SECTION 201. Lessor, for and in consideration of the rents, covenants and agreements herein reserved, mentioned and contained, on the part of Lessee to be paid, kept and performed, agrees to and does hereby lease to Lessee, and Lessee agrees to, and does hereby, lease, take and hire from Lessor, subject to the terms, conditions and provisions of this Lease and Agreement, the following:

- (a) The lands (described in Exhibit A hereto);
- (b) The improvements erected or at any time hereafter erected and installed on the lands in accordance with Section 101 hereof;
- (c) All accretions, easements, rights of way, accessions and appurtenances belonging or in any wise appertaining to the lands and/or the improvements described in (a) and (b) above; and
- (d) All machinery, equipment and other personal property of every kind and nature whatever described in Exhibit B hereto, with such changes or substitutions as may be effected by Lessee, acquired and paid for out of the Construction Fund and placed on or in the lands and the improvements, or elsewhere, including, without limitation, all replacements and substitutions which become the property of the Lessor pursuant to the provisions of this Lease and Agreement. All such machinery, equipment and other personal property shall be identified in a ledger prepared by the Lessee, one copy of which shall be filed with the Trustee and one copy maintained by Lessee on the leased premises. In this regard, all machinery, equipment and other personal property of whatever nature situated on and in the lands and the improvements shall be conclusively deemed to be owned by Lessor rather than Lessee, unless purchased and placed by Lessee and marked by an appropriate tag or other device as being the property of the Lessee. Any machinery, equipment and personal property placed elsewhere than on or in the lands and improvements must be marked by an appropriate tag or other device reflecting that it is owned by Lessor and leased to Lessee. The machinery, equipment and other personal property leased hereby shall be referred to herein as "Lessor's machinery and equipment".

The properties described in (a), (b), (c) and (d) above are herein collectively referred to as the "leased premises".

TO HAVE AND TO HOLD the leased premises unto the Lessee for the term of this Lease and Agreement as hereinafter set forth.

SECTION 202. The term of this Lease and Agreement shall commence as of March 1, 1968, and shall end at midnight on March 1, 1988.

SECTION 203. (a) *Basic Rent.*

(1) At least five days before September 1, 1968, and at least five days before each March 1 and September 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 covenants to pay to Lessor, in the manner hereinafter provided in Section 205, as basic annual rent, an amount equal to the amount payable as interest on and as principal of the Bonds in accordance with the Sinking Fund provided in Section 302 of the Indenture, on such next succeeding March 1 or September 1 as the case may be.

In the event a basic rent payment date falls on a non-banking day of the Trustee, the basic rent payment involved shall be due and payable at the time of opening for business on the next preceding day that is a banking day.

(2) If, during any year while any of the Bonds shall be outstanding, the above specified basic rent shall be insufficient to pay the principal of and interest on the Bonds as the same become due whether at maturity or earlier redemption, the amount of the insufficiency shall be paid by the Lessee as additional basic rent, provided, that any amount at any time held by the Trustee in the Bond Fund for the payment of the Bonds shall, as and to the extent provided in Sections 103, 1201, 1301 B (ii) and 1301 B (iii) hereof and otherwise at the election of the Lessee, be credited against the basic rent obligations under this subparagraph (a) next required to be met by the Lessee, to the extent such amount is in excess of the amount required for payment of (i) any Bonds theretofore matured or called for redemption and (ii) past due interest, in all cases where such Bonds or coupons have not been presented for payment. If at any time the amount in the Bond Fund, hereinabove referred to and hereinafter described in Section 205, is sufficient to pay in full the principal of (including redemption premiums, if any), interest on and the Trustee's and Paying Agents' fees in connection with all of the outstanding Bonds of the Lessor, either at maturity or on earlier redemption, then no further basic rent shall be payable hereunder, and any funds representing payment of basic rent which are then held in the Bond Fund and are in excess of the amount required to pay in full the principal of (including redemption premiums, if any) interest on and the Trustee's and Paying Agents' fees in connection with all outstanding Bonds of the Lessor, either at maturity or on earlier redemption, shall be refunded to Lessee as excess rent.

(b) *Additional Rents; Including Payments in Lieu of Taxes, Assessments, Impositions, Etc.*

(1) During the term hereof, Lessee shall pay as additional rent, Paying Agents' fees, the fees, expenses and charges payable to the Trustee, as provided in the Indenture, the expenses incurred in printing and delivering exchange Bonds in the case of the exchange privilege granted without charge to the holders or registered owners by the Indenture, and all expenses, liabilities, obligations and other payments of whatever nature which Lessee has agreed to pay or assume under the provisions of this Lease and Agreement or which the Lessor with the consent of the Lessee agrees to pay or assume under the provisions of the Indenture (including without limitation interest on any amounts advanced by the Trustee and the fees of any counsel or certified public accountants whose services are required by the Indenture).

(2) It is recognized that under the provisions of the Act when any project is leased by a county pursuant to the Act the lessee thereof shall be required to make payments to the county, school district or school districts, and other political units wherein the project shall be located in lieu of taxes, in such amounts as would result from taxes levied on the project by such county, school district or school districts, and other political unit or units, if the project were owned by the lessee, but with appropriate reductions similar to the tax exemptions, if any, which would be afforded to the lessee if it were the owner of the project. For the sole purpose of enabling the Lessee to comply with the aforesaid obligation, it is agreed (subject to the provisions of this Lease and Agreement) that the Lessor in cooperation with the Lessee (i) shall cause the Project to be valued

as if privately owned as aforesaid for purposes of the said taxes by the State Tax Commission of South Carolina or such other appropriate officer or officers as may from time to time be charged with responsibility for making such valuations; (ii) shall cause to be appropriately applied to the valuation or valuations so determined the respective rate or rates of such taxes, that would be applicable to the Project if so privately owned; (iii) shall cause the respective appropriate officer or officers charged with the duty of levying and collecting such taxes to submit to the Lessee, when the respective levies are made for purposes of such taxes upon property privately owned as aforesaid, a statement specifying the amount and due date or dates of such taxes which the county, school district and other political units having taxing powers would receive if such property were so privately owned; and (iv) shall file any accounts or tax returns required with the appropriate officer or officers. The Lessee shall pay to the aforesaid taxing authorities when due all such payments in lieu of taxes with respect to the Project required by the Act to be paid to the aforesaid taxing authorities, subject in each case to the Lessee's right to obtain exemptions (and discounts, if any) therefrom which would be afforded to a private owner of the Project and to seek to obtain a refund of any such payments made. In the event the Lessee should fail to make any such payments in lieu of taxes, 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. The Lessee's obligation to make such additional payments shall continue only so long as and to the extent the Lessee is required by law to pay the aforesaid amounts in lieu of taxes. Once having paid the amounts required by this Section 203(b)(2) to be paid by it in lieu of taxes, the Lessee shall not be required to pay any such taxes for which a payment in lieu thereof has been made to the State or to any city, county, town, school district or other political unit, any other statute to the contrary notwithstanding.

(3) Subject to the provisions of Paragraph (b)(4) of this Section 203, Lessee shall pay all taxes and assessments, general and specific, if any, levied and assessed on the leased premises or the rentals hereunder during the term, and all water and sewer charges, assessments, and other governmental charges and impositions whatsoever, foreseen and unforeseen, which if not paid when due, would impair the lien of the Indenture on the leased premises or the rentals hereunder or the security of the Bonds, or encumber Lessor's title, all of which are herein called "impositions"; provided, however, that any imposition relating to a fiscal period of the taxing authority, part of which extends beyond the term, shall be apportioned as of the expiration of the term. Lessor shall promptly forward to Lessee any notice, bill or other statement received by Lessor concerning any imposition. Lessee may pay any imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

(4) The Lessor and the Lessee acknowledge that (a) under their interpretation of present law, no part of the leased premises, except as provided in Paragraph (b)(2) of this Section 203, will be subject to ad valorem taxation by the State of South Carolina or by any political or taxing sub-division thereof, and (b) this factor, among others, materially induced the Lessee to enter into this Lease and Agreement. However, the Lessee shall pay all taxes and assessments, if any, in connection with the Project, which may be lawfully levied or assessed upon the leased premises or the rentals hereunder, when the same shall become due, but only if and to the extent that such taxes or assessments, if any, shall result in a lien or charge upon the leased premises or the rentals hereunder; provided, however, that Lessee shall not be required to pay any such taxes or assessments so long as the Lessee shall contest the same in good faith, unless by such action the lien of the Indenture as to any part of the Project or the rentals hereunder shall be materially endangered or the Project or any part thereof shall become subject to loss or forfeiture, in which event such taxes or assessments shall be paid prior to becoming delinquent. The Lessor hereby agrees that, to the extent permitted by law, it will cooperate with the Lessee in resisting any such taxes or assessments if and to whatever extent the Lessee may request.

(5) If at any time any amounts paid by Lessee as additional rent hereunder are or become in excess of the amounts required for the purpose for which they were paid, such excess amounts shall be refunded to the Lessee if Lessee is not then in default hereunder.

SECTION 204. So long as any of the Bonds, or interest or redemption premium, if any, relating thereto, shall be outstanding or unpaid, or until payment thereof has been duly provided for, Lessee's obligation to pay

basic rent and additional rent shall be absolute and unconditional and the basic rent and the additional rent shall be certainly payable on the dates or at the times specified without notice or demand, and without abatement or set-off, and regardless of any contingencies whatsoever, and notwithstanding any circumstances or occurrences that may now exist or that may hereafter arise or take place, including, but without limiting the generality of the foregoing:

(1) The unavailability of the leased premises for use and occupancy by the Lessee at any time for reason of the failure to complete the Project by any particular time or at all or by reason of any other contingency, occurrence or circumstances whatsoever (except in the event Lessee exercises the option to purchase and pays the purchase price as specified in Section 1702 hereof);

(2) Damage to or destruction of the leased premises, or any part thereof (except in the events as specified in Sections 1203 and 1702 hereof);

(3) Legal curtailment of Lessee's use and/or occupancy of the leased premises, or any part thereof (except in the events specified in Sections 1301, 1303 and 1702 hereof);

(4) Change in Lessor's legal organization or status;

(5) The taking of title to or the temporary use of the whole or any part of the leased premises by condemnation as provided in Article XIII hereof (except in the case of the taking of title to all or substantially all of the leased premises and the payment by Lessee of the additional rent in the amount that the total bond redemption expense exceeds the net amount awarded as damages plus available funds in the Bond Fund, as specified in Sections 1301A and 1302, and except in the event Lessee exercises the option to purchase and pays the purchase price as specified in Sections 1303 and 1702);

(6) Any assignment under the provisions of Article XIV, subject, however, to the provisions of Section 1401 that performance by an assignee or sub-lessee shall be considered as performance pro tanto by Lessee, and the provisions of Section 2010 that Lessee's obligations hereunder may be assumed by another corporation as part of a transaction involving merger, consolidation or sale of all or substantially all of Lessee's assets;

(7) Any termination of this Lease and Agreement for any reason whatsoever, including, without limitation, termination under Section 202, Section 1203, or Article XVI, subject, however, to the provisions of Section 1301A and Article XVI;

(8) Failure of consideration or commercial frustration of purpose;

(9) Any change in the tax or other laws of the United States of America or of the State of South Carolina or any political subdivision thereof (except in the event Lessee exercises the option to purchase and pays the purchase price as specified in Section 1702 hereof); or

(10) Any default of the Lessor under this Lease and Agreement, or any other fault or failure of the Lessor whatsoever (except in the event Lessee exercises the option to purchase and pays the purchase price as specified in Section 1702 hereof).

SECTION 205. Payments of basic rent shall be made to Lessor by Lessee remitting the same directly to the Trustee, for the account of Lessor, and shall be deposited by the Trustee in the trust account provided for in the Indenture designated "Lexington County, South Carolina, 1968 Industrial Revenue Bond Fund—Allis-Chalmers Project" (sometimes called the "Bond Fund"), to be used by the Trustee as provided in the Indenture. Lessor agrees at Lessee's request to cause the Trustee to furnish to Lessee at reasonable intervals an account of the funds in the Bond Fund, including the amount of Bonds paid and outstanding. Additional rent specified in Paragraphs (1) and (3) of Section 203(b) shall be paid by Lessee remitting the same directly to the Trustee, for the account of Lessor, in the case of the Trustee's fees, expenses and charges, (including expenses of printing and delivering exchange Bonds), directly to the Paying Agents, for the account of Lessor, in the case of Paying Agents' fees, and either making direct payment in the case of impositions

and other costs, expenses, liabilities, obligations and payments assumed and agreed to be paid by Lessee under this Lease and Agreement, or reimbursing Lessor or Trustee, if, pursuant to the provisions of this Lease and Agreement or the Indenture, Lessor, or Trustee shall make payment thereof.

SECTION 206. The Lessee is authorized and permitted at any time to prepay all or any part of the rents payable under Section 203, and Lessor agrees that the Trustee may accept such prepayment of rents when the same are tendered by the Lessee. All rents so prepaid shall be deposited in the Bond Fund and credited on rental payments specified in Section 203 in the order of their due dates, and at the election of the Lessee shall be used for the redemption or purchase of outstanding Bonds in the manner and to the extent provided in the Indenture. The Lessee shall furnish the Trustee with the certificate required by Section 302 of the Indenture with respect to credits against sinking fund payments as a result of bond purchases from pre-payments of rentals.

ARTICLE III

INSURANCE

SECTION 301. A. Lessee shall, at Lessee's sole cost and expense, keep all improvements constituting part of the leased premises and Lessor's machinery and equipment insured against loss or damage in accordance with the customary insurance practices of Lessee, but in all events to the following extent:

(i) Against the perils of fire and the hazards ordinarily included under standard extended coverage endorsements in amounts necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than the lesser of 80% of the full insurable value thereof within the terms of applicable policies or an amount equal to the principal amount of bonds outstanding from time to time.

(ii) Against war risk as and when a state of war or national or public emergency exists and such insurance is obtainable from a department or agency of the United States Government, upon reasonable terms, in the full amount necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than 80% of the then full insurance value, or, if such amounts be not obtainable, then in the highest amount which can be so obtained.

(iii) If there are boilers or pressure vessels, from boiler or pressure vessel explosion in an amount customarily carried in the case of similar industrial operations.

The term "full insurable value" means such value as shall be determined from time to time at the request of Lessor, Lessee or Trustee (but not more frequently than once in every forty-eight (48) months) by one of the insurers selected by Lessee.

B. At all times during the term, Lessee shall, at no cost or expense to Lessor, maintain or cause to be maintained:

(i) General public liability insurance against claims for bodily injury or death occurring upon, in or about the leased premises, with such insurance to afford protection to the limits of not less than \$500,000 in respect of bodily injury or death to any one person and to the limit of not less than \$1,000,000 in respect of any one accident; and

(ii) Property damage insurance against claims for damage to property occurring upon, in or about the leased premises with such insurance to afford protection to the limit of not less than \$1,000,000 in respect of damage to the property of any one owner.

C. The insurance required by this Article III shall be maintained in full force and effect at all times during the term of this Lease and Agreement, except that the insurance required by Section 301A (i) as to improvements and Lessor's machinery and equipment need not be placed in force and effect until the completion of the construction of the Project, provided, however, that in no event shall the insurance required by Section 301A (i) be placed into force and effect later than the expiration of the builder's risk insurance carried pursuant to the provisions of any contracts entered into with contractors or the insurance initially

taken out pursuant to the provisions of Article I hereof concerning improvements and Lessor's machinery and equipment, with the end in view of having full insurance coverage at all times.

D. Copies or certificates of the insurance provided for by this Article, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Lessor, and the Trustee, shall be delivered by Lessee to the Lessor and the Trustee. And, in the case of expiring policies throughout the term, copies or certificates of any new or renewal policies, each bearing notations evidencing payment of the premiums or other evidence of payment satisfactory to the Lessor and the Trustee, shall be delivered by Lessee to Lessor and the Trustee.

E. Policies of insurance provided for in Section 301A of this Article III shall name the Lessor and the Lessee as insureds as their respective interests may appear, provided, however, that the Trustee shall also be named as a party insured pursuant to a standard mortgagee clause as its interests may appear, and provided further that while any Bonds remain outstanding all insurance shall be payable to the Trustee as provided in Section 1201B hereof.

F. All insurance required by this Article III shall be effected with responsible insurance companies selected by the Lessee, and may be written with deductible amounts customary on similar policies by businesses of like size and type as Lessee. Lessee shall cause appropriate provisions to be inserted in each insurance policy making each policy noncancellable without at least ten (10) days prior written notice to Lessor, Lessee and the Trustee. Also, it is agreed that no claim shall be made and no suit or action at law or in equity shall be brought by Lessor or by anyone claiming by, through or under Lessor, against Lessee for any damage to the improvements or Lessor's machinery and equipment covered by the insurance provided for by this Article III, however caused, but nothing in this sub-section F shall diminish Lessee's obligation to repair or rebuild as provided in Article XII. The Lessee shall have the sole right and responsibility to adjust any loss with the insurer involved and to conduct any negotiations in connection therewith.

ARTICLE IV

REPAIRS AND MAINTENANCE OF PREMISES AND ALTERATIONS

SECTION 401. Lessee shall throughout the term, at no cost and expense to Lessor, maintain, or cause to be maintained, and at the expiration of the term hereof subject to the provisions of Articles XVI and XXII hereof, yield up or cause to be yielded up, in good and tenantable repair, order and condition, reasonable wear and tear excepted, the buildings and improvements and Lessor's machinery and equipment now or at any time erected or installed on the lands included in the leased premises or otherwise leased under this Lease and Agreement and promptly at no cost and expense to Lessor make or cause to be made all necessary repairs, interior and exterior, structural and non-structural, foreseen as well as unforeseen, to the buildings and improvements and Lessor's machinery and equipment constituting part of the leased premises.

SECTION 402. Lessee shall have the right from time to time to make additions, alterations and changes in or to the improvements constituting part of the leased premises and shall have the right to construct additional improvements (herein collectively referred to as "alterations") provided, however, that no alterations shall be made which would change the character of the structures thereon so that the same will not be appropriate and usable for manufacturing purposes. It is understood and agreed that in the event the Lessee makes any alterations as authorized by this Section 402, the Lessee's obligation at the expiration of the term to restore the leased premises to their original condition shall be modified accordingly.

SECTION 403. All alterations made on the leased premises by or on behalf of Lessee shall immediately upon completion thereof be and become the property of the Lessor without payment therefor by Lessor but subject to this Lease and Agreement.

SECTION 404. 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 improvements or on the lands and which may be attached or affixed to the improvements or the lands. All such machinery, equipment and other personal property shall be identified by the Lessee as its property and shall remain the sole property of the Lessee and the Lessee may remove the same from the improvements or the lands 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 Lessor 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 404, and the Lessor hereby waives and surrenders any statutory or common law right to any such landlord's lien, and all such machinery, equipment and personal property shall be and remain identified as the property of the Lessee.

SECTION 405. All property of any kind which may be on the leased premises (whether belonging to the Lessor, Lessee or to any third person) shall be at the sole risk of Lessee and those claiming by, through or under Lessee and Lessor shall not be liable to Lessee or to those claiming by, through or under Lessee or to said third persons for any injury, loss or damage to any person or property on the leased premises.

ARTICLE V

USE OF PREMISES—COMPLIANCE WITH ORDERS, ETC.

SECTION 501. Subject to the following provisions of this Section 501, Lessor and Lessee agree that Lessee may use the leased premises for any lawful purpose. Lessee shall during the term promptly comply with all valid statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the leased premises. Lessee shall, however, have the right to contest any of the foregoing, and if compliance therewith may legally be held in abeyance during such contest without incidence of any liens on the leased premises, Lessee may postpone compliance until final determination of such contest, provided such contest shall be prosecuted in good faith with due diligence; and even though a lien against the leased premises may be incurred by reason of such non-compliance, Lessee may nevertheless delay compliance therewith during contests thereof, provided Lessee, if required by Lessor or Trustee, furnishes Lessor reasonably satisfactory security against any loss by reason of such lien and effectively prevents foreclosure thereof. Lessee shall during the term comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of this Lease and Agreement.

SECTION 502. Lessor covenants that, to the full extent permitted by law, it will not attempt to impose upon the use or occupancy of the leased premises by the Lessee any laws, ordinances, rules or regulations more burdensome or restrictive than those in effect upon the date of execution of this Lease and Agreement.

ARTICLE VI

WORK PERFORMED BY LESSEE

SECTION 601. Lessee shall not do or permit others under its control to do any work on the leased premises related to any repair, rebuilding, alteration of or addition to the improvements constituting part of the leased premises unless Lessee shall have first procured and paid for all requisite municipal and other governmental permits and authorizations. Lessor shall join in the application for any such permit or authorization whenever required, but Lessee shall indemnify and hold Lessor harmless against and from all costs and expenses which may be thereby incurred by Lessor. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning, and other laws, ordinances, governmental regulations and requirements and in accordance with the reasonable requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of this Lease and Agreement.

ARTICLE VII

MECHANICS' LIENS

SECTION 701. If any lien shall be filed against the interest of Lessor, Lessee, or the Trustee in the leased premises (including alterations made under Section 402 hereof) or asserted against any rent payable hereunder, by reason of work, labor, services or materials supplied or claimed to have been supplied on or to the leased premises (including such alterations) at the request or with the permission of Lessee, or anyone claiming under Lessee, Lessee shall, within thirty (30) days after receipt of notice of the filing thereof or the assertion thereof against such rents, cause the same to be discharged of record, or effectively prevent the enforcement or foreclosure thereof against the leased premises or such rents, by contest, payment, deposit, bond, order of Court or otherwise. Nothing contained in this Lease and Agreement shall be construed as constituting the express or implied consent to or permission of Lessor for the performance of any labor or services or the furnishing of any materials that would give rise to any such lien against Lessor's interest in the premises.

ARTICLE VIII

INDEMNIFICATION OF LESSOR AND TRUSTEE

SECTION 801. Lessee shall and agrees to indemnify and save Lessor and 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 leased premises during the term, and against and from all claims arising during the term from (a) any condition of the leased premises, (b) any breach or default on the part of Lessee in the performance of any of its obligations under this Lease and Agreement, (c) any act or negligence of Lessee or of any of its agents, contractors, servants, employees or licensees, or (d) any act or negligence of any assignee or sublessee of Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of Lessee. Lessee shall indemnify and save Lessor and 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 Lessor, or the Trustee, Lessee shall defend them or either of them in any such action or proceeding.

SECTION 802. The Act prescribes and the parties intend that the Lessor shall not incur pecuniary liability or charge upon its general credit or against its taxing powers by reason of making this Lease and Agreement, by reason of the issuance of the Bonds, by reason of the execution of the Indenture, by reason of the performance of any act required of it by this Lease and Agreement or by reason of the performance of any act requested of it by the Lessee. Nevertheless if the Lessor shall incur any such pecuniary liability, then in such event the Lessee shall indemnify and hold the Lessor harmless by reason thereof.

ARTICLE IX

LESSOR MAY PERFORM LESSEE'S OBLIGATIONS

SECTION 901. If Lessee shall fail to keep or perform any of its obligations as provided in this Lease and Agreement in respect of (a) maintenance of insurance; (b) payment of impositions; (c) repairs and maintenance of the leased premises; (d) compliance with legal or insurance requirements; (e) keeping the leased premises lien free; or (f) making of any other payment or performance of any other obligations, then Lessor may (but shall not be obligated to do so), upon the continuance of such failure on Lessee's part for thirty (30) days after written notice to Lessee, and without waiving or releasing Lessee from any obligation, and as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by Lessor and all necessary incidental costs and expenses incurred by Lessor in making such payment or performing such obligation shall be deemed additional rent and shall be paid to Lessor on demand, together with interest thereon at the rate of six percentum (6%) per annum from the date of any such payment.

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ARTICLE X

PUBLIC UTILITIES AND CHARGES

SECTION 1001. Lessee agrees to pay or cause to be paid all charges for water, gas, sewer, electricity, light, heat or power, telephone or other service used, rendered or supplied to or for the Lessee upon or in connection with the leased premises throughout the term of this Lease and Agreement, and to indemnify Lessor and save it harmless against any liability or damage on such account.

ARTICLE XI

INSPECTION OF PREMISES BY LESSOR

SECTION 1101. Lessee shall permit Lessor and the Trustee or either of them, by their respective authorized representatives, to enter the leased premises at all reasonable times during usual business hours for the purpose of inspection, and for the performance of any work therein made necessary by reason of Lessee's default under any of the provisions of this Lease and Agreement. Lessor may, during the progress of any such work, keep and store on the leased premises all necessary materials, supplies and equipment and shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage to Lessee suffered by reason of the performance of any such work or the storage of materials, supplies and equipment.

ARTICLE XII

DAMAGE AND DESTRUCTION

SECTION 1201. A. Lessee covenants and agrees that in the event of damage to or destruction of the leased premises, or any part thereof, by fire or other casualty, the Lessee shall immediately notify the Lessor and the Trustee. If the damage is in the amount of \$100,000 or less, Lessee shall proceed to restore, repair, rebuild or replace the leased premises to the same extent, if any, required so that in the judgment of the Lessee, the Project is suitable for use for Lessee's purpose under this Lease and Agreement. If the damage exceeds \$100,000 Lessee shall, at no cost and expense to Lessor or Trustee, proceed to restore, rebuild or replace the leased premises as nearly as possible to the condition they were in immediately prior to such damage or destruction, subject to such alterations as Lessee may elect to make in conformity with the provisions of Article IV hereof and in the case of Lessor's machinery and equipment subject to the provisions of Article XXII hereof. Any item of machinery and equipment acquired as a replacement hereunder, or any item acquired, in whole or in part, out of insurance proceeds under this Article XII, whether or not a replacement of or substitute for any item of damaged or destroyed machinery and equipment, if the insurance proceeds with which such item of machinery and equipment was purchased, in whole or in part, were derived from insurance on property which was part of Lessor's machinery and equipment, shall be and become the property of Lessor and shall be part of Lessor's machinery and equipment and subject to this Lease and Agreement. Such restoration, repairs, replacements or rebuilding shall be commenced promptly and prosecuted with reasonable diligence.

B. All insurance money paid on account of such damage or destruction shall while any Bonds remain outstanding be paid to the Trustee and applied as hereinafter set forth to the payment of the cost of the aforesaid restoration, repairs, replacements or rebuilding, including expenditures made for temporary repairs or for the protection of property pending the completion of permanent restoration, repairs, replacements, or rebuilding or to prevent interference with the business operated thereon (sometimes referred to as the "restoration"). In the case of damage involving a loss of \$100,000 or less, the insurance proceeds shall be paid by the Trustee to the Lessee upon receipt by Lessor and the Trustee of a certificate signed by an officer of Lessee that the restoration has been made, or is in the process of being made in accordance with the provisions of subsection A hereof pertaining to Lessee's obligation to restore. In the case of damage involving a loss of more than \$100,000, the insurance proceeds shall be paid by the Trustee to the Lessee upon receipt by Lessor and the Trustee of a certificate signed by an officer of the Lessee:

- (i) requesting payment of a specified amount of such insurance proceeds;
- (ii) detailing the progress of the restoration and repair work;
- (iii) stating that such specified amount does not exceed the estimated cost of the work and materials in connection with the restoration, including as part thereof the estimated fees of any architect or engineer, if any; and
- (iv) stating that no part of such cost has previously been made the basis of any request for the withdrawal of insurance proceeds under this Article.

The Trustee shall have no responsibility as to the application by the Lessee of the insurance proceeds.

If the insurance money shall be insufficient to pay all costs of the restoration, the Lessee shall pay the deficiency and shall nevertheless proceed to complete the restoration and pay the cost thereof. Any balance of the insurance proceeds remaining over and above the cost of the restoration shall be paid by the Trustee into the Bond Fund upon receipt by the Lessor and the Trustee of a certificate as required by this Article to the effect that the restoration has been completed, and if Lessee is not in default hereunder the Lessee shall be credited with said amount against Lessee's basic rent obligations as and to the extent set forth in Section 203 of this Lease and Agreement.

The total amount collected under any and all policies of insurance covering such damage or destruction shall be placed into a special fund and the same may be invested in any investments in which the Trustee may invest amounts in the Construction Fund under the Trust Indenture. Such investments shall be made by the Trustee as directed and designated by the Lessee.

SECTION 1202. Lessee's obligation to make payment of the basic rent and all other charges on the part of Lessee to be performed shall not be affected by any such destruction or damage, and Lessee hereby waives the provisions of any statute or law now or hereafter in effect contrary to such obligation of Lessee as herein set forth, or which releases Lessee therefrom.

SECTION 1203. Notwithstanding the provisions of the foregoing sections of this Article XII, Lessee shall not be required to repair, restore, replace or rebuild the leased premises, or any part thereof, (a) if Lessee, pursuant to the provisions of Article XVII, shall elect to purchase the leased premises and pays the specified purchase price or (b) if Lessee elects, by written notice delivered to Lessor and the Trustee within six months after major damage or destruction (as defined in Section 1702A hereof) has occurred, neither to restore nor to purchase and pays to the Trustee within such time the full amount necessary under the provisions of the Indenture to pay or redeem all outstanding Bonds. If Lessee shall so elect to purchase, the proceeds of all insurance may be used as part of the purchase price and upon the request of Lessee shall be so applied. If there be any excess insurance proceeds over and above the amount necessary to pay the purchase price, such excess shall be paid to and shall belong to the Lessee. If Lessee shall have paid the amount referred to in clause (b) above, any insurance proceeds shall be paid to and shall belong to Lessee and this Lease and Agreement shall thereupon terminate.

ARTICLE XIII

CONDEMNATION

SECTION 1301. A. If during the term of this Lease and Agreement, while any Bonds shall be outstanding, title to all or substantially all of the leased premises shall be taken or condemned by a competent authority for any public use or purpose, then, in such event, the condemnation award shall be paid to the Trustee, and the Lessor and the Lessee hereby assign the award to the Trustee. In the event the net amount awarded as damages or paid as a result of such taking (after deducting all attorney's fees and other expenses and costs in the condemnation proceeding) together with the amount then in the Bond Fund and, if the Project has not yet been completed, the available amount in the Construction Fund, shall be insufficient to pay in full, on the

next date on which the Bonds may be redeemed as a whole after receipt of the award and after the required Bond redemption notice can be given, the amount necessary to pay all principal, interest, the Trustee's fees, redemption premiums, and all other costs of redemption (all of which, for purposes of this Section, shall be called "total Bond redemption expense"), Lessee agrees to pay, promptly upon payment of the condemnation award, as additional rent hereunder, the amount by which the total Bond redemption expense shall exceed the net amount awarded as damages or paid (less such fees, expenses and costs) as a result of such taking plus the amount then on deposit in the Bond Fund and, if the Project has not yet been completed, the available amount in the Construction Fund. For purposes of this Article XIII "all or substantially all of the leased premises" shall be deemed to mean a taking of all of the leased premises or a taking of such substantial portion of the leased premises that the Lessee as determined by the Lessee in its sole discretion cannot reasonably operate in the remainder in substantially the same manner as before. In the event the net amount awarded as damages or paid as a result of such taking as defined above, together with the amount then in the Bond Fund and, if the Project has not yet been completed, the available amount in the Construction Fund, shall be in excess of the amount necessary to pay the total Bond redemption expense, if Lessee is not in default in any of its other obligations under this Lease and Agreement involving monetary matters, such excess shall belong to and be paid to the Lessee, and if Lessee is in default with reference to any of its monetary obligations, no amount shall be paid to Lessee until said monetary obligations with reference to which Lessee is in default shall be paid. The Lessor agrees that it will cooperate with the Lessee with reference to any award with the end in view of obtaining the maximum possible award justifiable as damages for the taking and Lessor agrees that it will not voluntarily approve without the prior authorization of the Lessee, any amount as damages for a taking.

B. If less than substantially all of the leased premises shall be taken or condemned by a competent authority for any public use or purpose, neither the term nor any of the obligations of either party under this Lease and Agreement shall be affected or reduced in any way, and

(i) If any part of the improvements owned by Lessor and constituting part of the leased premises (improvements as used herein shall include any item of Lessor's machinery and equipment) is taken, Lessee shall proceed to repair or rebuild (repair or rebuild shall include replacement of any item of Lessor's machinery and equipment) the remaining part as nearly as possible to the condition existing prior to such taking, to the extent that the same may be feasible, subject to the right on the part of the Lessee to make alterations so as to improve the efficiency of the improvements and in the case of Lessor's machinery and equipment subject to the provisions of Article XXII hereof; and

(ii) The entire condemnation award shall be paid to the Trustee, and the Lessor and the Lessee hereby assign the same to the Trustee for the payment of costs incurred by the Lessee in repairing and rebuilding as provided in (i) above. The said award shall be transferred by the Trustee to the Lessee in the same manner as is provided in Section 1201B with respect to insurance proceeds, provided that the words "insurance proceeds" there referred to shall for purposes of this sub-paragraph (ii) refer to "condemnation award". If the net condemnation award applicable to property owned by the Lessor is in excess of the amount necessary to repair and rebuild as specified in (i) above, such excess shall be paid by the Trustee into the Bond Fund and if Lessee is not in default hereunder shall be credited against basic rent as and to the extent set forth in Section 203 hereof. If such excess is more than the remaining total rent obligations of the Lessee hereunder, and if at that time Lessee is not in default with respect to any of its obligations under this Lease and Agreement, only that portion thereof equal to the remaining total rent obligations of Lessor shall be paid into the Bond Fund, and the balance shall belong to and shall be paid to the Lessee. If Lessee is in default with reference to any of its obligations, no amount shall be paid to Lessee while said default remains unremedied. If the net condemnation award is less than the amount necessary for the Lessee to repair and rebuild as set forth in (i) above, the Lessee shall nevertheless complete the repair and rebuilding work and pay the cost thereof; and

(iii) If no part of the improvements is taken, the net condemnation award shall be paid to the Trustee, deposited in the Bond Fund and credited against basic rent obligations as and to the extent set forth in Section 203 hereof.

C. In the event of a taking under either sub-section A or sub-section B above, any sum awarded to the Lessee for damages to its leasehold estate shall be disposed of in the manner provided by said sub-section A or sub-section B as the case may be. But any sum paid to the Lessee for the taking or damages to any property of the Lessee installed pursuant to Section 404 shall belong to the Lessee free of all claims of the Lessor or the Trustee.

D. If the temporary use of the whole or any part of the leased premises shall be taken by right of eminent domain, this Lease and Agreement shall not be thereby terminated and the parties shall continue to be obligated under all of its terms and provisions, except as provided in Section 1702 hereof. If such taking is for a period of time ending on or prior to the expiration of the term provided in Section 202 hereof, Lessee shall be entitled to receive the entire amount of the award made for such taking, whether by way of damages, rent or otherwise, in excess of the remaining total rent obligations of the Lessee hereunder, as and when provided in Section 1301(B)(ii) hereof. If such taking is for a period of time which extends beyond the expiration of such term, and Lessee does not elect to exercise any of the options provided in Article XVII hereof, such excess shall be prorated between Lessor and Lessee in proportion to their respective interests.

SECTION 1302. In the event of a taking of all or substantially all of the leased premises as provided in Section 1301A, the Lessee agrees to continue to make payment of the basic rent and the additional rent until the condemnation award shall be actually received by the Lessor.

SECTION 1303. Notwithstanding the fact that all or any part of the leased premises shall be taken by right of eminent domain, Lessee shall have the right to exercise any option granted to it by the provisions of Article XVII hereof and the foregoing provisions of this Article XIII shall be construed in the light of the effect of any option so exercised by Lessee. In the event of the exercise of an option under Article XVII and payment of the required purchase price, whether before or after such taking, the entire condemnation award shall belong to Lessee.

SECTION 1304. Lessee shall have the right to participate in its own name in any negotiations or condemnation proceedings, but as its own expense, to resist or defend condemnation and to make any presentation or conduct any proceeding in its discretion to the end of obtaining any proper relief and, if the condemnation is concluded, to the end of obtaining the maximum condemnation award justified by the taking.

ARTICLE XIV

ASSIGNMENT

SECTION 1401. A. Lessee may assign this Lease and Agreement or sublet the leased premises or part thereof provided that no such assignment or subletting and no dealings or transactions between the Lessor or the Trustee and any subleasee or assignee shall relieve the Lessee of any of its obligations under this Lease and Agreement and Lessee shall remain as fully bound as though no assignment or subletting had been made, and performance by any assignee or sublessee shall be considered as performance pro tanto by Lessee; provided, however, that Lessee may assign this Lease and Agreement, and be thereby relieved of further obligation hereunder, in connection with a transaction involving merger, consolidation or sale as permitted under Section 2010 provided the requirements thereof are met.

B. It is understood and agreed that this Lease and Agreement and the rents hereunder will be assigned by Lessor to the Trustee as security for the payment of the principal of and interest on the Bonds, but otherwise the Lessor shall not assign, encumber, sell or dispose of all or any part of its rights, title and interest in and to the leased premises and this Lease and Agreement, except to the Lessee in accordance with the provisions of this Lease and Agreement and to the Trustee under the Indenture.

ARTICLE XV

REMEDIES ARE CUMULATIVE—NO IMPLIED WAIVER

SECTION 1501. Lessor, Lessee and the Trustee shall each be entitled to specific performance, and injunctive or other appropriate equitable relief for any breach or threatened breach of any of the provisions of this Lease and Agreement, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity. The specific remedies provided for in this Lease and Agreement are cumulative and are not exclusive of any other remedy. The failure of either party to insist in any one or more cases upon strict performance shall not be construed as a waiver or relinquishment for the future. No acceptance of rent with knowledge of any default shall be deemed a waiver of such default.

ARTICLE XVI

DEFAULT PROVISIONS

SECTION 1601. This Lease and Agreement is made on condition also that if any one or more of the following events (herein referred to as "event of default") shall happen:

(a) Lessee shall default in the due and punctual payment of the basic rent or any additional rent payable hereunder, and such default shall continue for two (2) days after receipt of written notice from Lessor or the Trustee of such non-payment; or

(b) Lessee shall neglect or fail to perform or observe any of the covenants herein contained on Lessee's part to be performed or observed (other than those referred to in sub-section (a) of this Section 1601) and Lessee shall fail to remedy the same within sixty (60) days after Lessor or the Trustee shall have given to Lessee notice specifying such neglect or failure (or within such additional period, if any, as may be reasonably required to cure such default if it is of such nature that it cannot be cured within said sixty (60) day period because of governmental restriction or any other cause beyond the control of the Lessee); or

(c) This Lease and Agreement or the leased premises or any part thereof shall be taken upon execution or by other process of law directed against the Lessee, or shall be taken upon or subject to any attachment at the instance of any creditor of or claimant against the Lessee, and said attachment shall not be discharged or disposed of within ninety (90) days after the levy thereof; or

(d) Lessee shall be involved in financial difficulties as evidenced below, and shall not cure the same within ninety (90) days after notice from the Lessor or the Trustee,

(i) by its admitting in writing its inability to pay its debts generally as they become due, or

(ii) by its filing a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Act (as now existing or in the future amended) or an answer or other pleading admitting the material allegations of such a petition or seeking, consenting to or acquiescing in the relief provided for under such Act, or

(iii) by its making an assignment of all or a substantial part of its property for the benefit of its creditors, or

(iv) by its seeking or consenting to or acquiescing in the appointment of a receiver or trustee for all or a substantial part of its property or of the leased premises or of its interest in this Lease and Agreement, or

(v) by its being adjudicated a bankrupt or insolvent, or

(vi) by the entry of a court order without its consent which order shall not be vacated, set aside or stayed within ninety (90) days from the date of entry (1) appointing a receiver or trustee

for all or a substantial part of its property or (2) approving a petition filed against it for the affecting of an arrangement in bankruptcy or for a reorganization pursuant to said Bankruptcy Act or for any other judicial modification or alteration of the rights of creditors;

then, in any such event, Lessor shall have the right at its election, then or at any time thereafter while such event of default shall continue, either

(1) To give Lessee notice of intention to terminate this Lease and Agreement on the date of such notice or on any later date specified therein, and on the date specified in such notice Lessee's right to possession of the leased premises shall cease and this Lease and Agreement shall thereupon be terminated, or

(2) Without demand or notice, to re-enter and take possession of the premises or any part thereof and repossess the same as of Lessor's former estate and expel Lessee and those claiming through or under Lessee and remove the effects of both or either (forcibly, if necessary) without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or preceding breach of covenant. Should Lessor elect to re-enter as provided in this paragraph (2) or should Lessor take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Lessor may (a) terminate this Lease and Agreement, or (b) from time to time, without terminating this Lease and Agreement, relet the leased premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Lessor may deem advisable, with the right to make alterations and repairs to the leased premises. No such re-entry or taking of possession of the leased premises by Lessor shall be construed as an election on Lessor's part to terminate this Lease and Agreement unless a notice of such intention be given to Lessee or unless the termination thereof be decreed by a court of competent jurisdiction.

SECTION 1602. In the event of any such termination, Lessee shall nevertheless pay the basic rent and all additional rent and other sums as hereinbefore provided up to the time of such termination, and thereafter Lessee, until the end of what would have been the term of this Lease and Agreement in the absence of such termination, and whether or not the leased premises shall have been relet, shall be liable to Lessor for, and shall pay to Lessor, as liquidated current damages,

(a) The basic rent and additional rent and other sums as hereinbefore provided which would otherwise be payable hereunder if such termination had not occurred, less,

(b) The net proceeds, if any, of any reletting of the leased premises, after deducting all of Lessor's expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, expenses of employees, alteration costs and expenses of preparation for such reletting.

Lessee shall pay such liquidated current damages on the days on which the basic rent would have been payable hereunder if this Lease and Agreement had not been terminated.

At any time after such termination, if any of the events set forth in Section 1601(d) exists, whether or not Lessor shall have collected any such current damages, Lessor shall be entitled to recover from Lessee and Lessee shall pay to Lessor, upon demand made with the approval of the Trustee, as liquidated final damages in lieu of all such current damages beyond the date of such demand, an amount equal to

(i) The basic rent and other than definitely ascertainable sums as hereinabove provided which would be payable hereunder from the date of such demand (or, if it be earlier, the date to which Lessee shall have satisfied its obligations under this Section 1602 to pay current damages) for what would be the then unexpired term of this Lease and Agreement if the same remained in effect, less

(ii) The then fair net rental value of the leased premises for the same period.

If any statute or rule of law governing a proceeding in which such liquidated final damages are to be proved shall validly limit the amount thereof to an amount less than the amount agreed upon hereinabove, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law.

Lessee's agreement pertaining to this Section 1602 shall survive any termination of this Lease and Agreement.

SECTION 1603. In the event of a termination of this Lease and Agreement by Lessor, or in the event of entry as aforesaid by Lessor without termination, and prior to the time Lessor may have demanded final liquidated damages, if within six (6) months the Lessor has not relet to another tenant, Lessee shall have the right to provide Lessor with a tenant for the leased premises for a substantial portion of the unexpired term of this Lease and Agreement as it existed immediately prior to such termination, and Lessor shall be obligated to accept such tenant and the current liquidated damages payable by Lessee hereunder shall be reduced by the amount such tenant pays, less Lessor's expenses in connection with such reletting as defined in sub-paragraph (b) of Section 1602 hereof.

SECTION 1604. The foregoing provisions of this Article relating to the payment of basic rent and additional rent beyond the termination of this Lease and Agreement, the payment of liquidated current damages or liquidated final damages, and the receipt of rents by Lessor upon a reletting, are each to be construed as providing that all such payments by Lessee or others shall be made into the Bond Fund referred to in Section 205 and Lessee's said obligations shall further be subject to the provisions of Section 203(a)(2).

SECTION 1605. In the event the Lessee shall default under any of the provisions of this Lease and Agreement and the Lessor 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 Lessor or the Trustee the reasonable fee of such attorneys and such other expenses so incurred by the Lessor or the Trustee.

ARTICLE XVII

LESSEE'S OPTIONS

SECTION 1701. Lessee shall have and is hereby granted the option, provided that all the principal, interest and any redemption premium on the Bonds shall have been duly paid or provided for, to extend this Lease and Agreement for six (6) extension terms of five (5) years each for a basic annual rental of One Hundred Dollars (\$100.00) per year, payable in advance on the first business day of each year of the extension term, plus the additional rentals heretofore provided in Article II hereof and otherwise upon the terms, conditions and provisions of this Lease and Agreement. The options provided for herein shall be deemed automatically exercised by Lessee (without requirement of any notice of exercise) unless sixty (60) days prior to the end of the initial term or any extension term Lessee shall give Lessor written notice by certified or registered mail (with or without return receipt request) that Lessee does not elect to have the lease term extended beyond the then current initial or extension term. Whenever used in this Lease and Agreement the words "extension term" or "renewable term" shall have the same meaning and shall refer to the term concerning which the option to extend is granted by this Section 1701. Furthermore, whenever the unqualified word "term" appears in this Lease and Agreement, the reference shall include the initial and any extension terms.

SECTION 1702. A. Prior to March 1, 1978, the Lessee shall have the right and option to purchase the leased premises if, but only if:

- (i) The leased premises shall sustain major damage or destruction;
- (ii) Title to or the temporary use of all or substantially all of the leased premises shall be condemned as provided in Article XIII hereof;
- (iii) As a result of changes in the Constitution of the United States or of the State of South Carolina, or of legislative action, or by the final decree, judgment or order of any court or administrative body entered after Lessee's contest thereof in good faith, this Lease and Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in this Lease and Agreement, or unreasonable burdens or excessive liabilities are imposed upon either party to it; or

(iv) The legal curtailment of Lessee's use and occupancy of all or substantially all of the leased premises except by reason of condemnation referred to in sub-section (ii).

The term "major damage or destruction" as used in sub-section (i) is defined to mean any damage or injury to or destruction of the leased premises or any part thereof (whether or not resulting from an insured peril) such that the leased premises cannot reasonably be restored to their condition immediately preceding such damage, injury or destruction within a period of six (6) calendar months, or which would prevent Lessee from carrying on its manufacturing operations therein for a period of six (6) calendar months or the restoration cost of which would exceed the total amount of insurance carried on the leased premises in accordance with the provisions of Article IV hereof plus any deductible amounts, or such that it would not be economically feasible for the Lessee to repair the leased premises, as determined by the Lessee in its discretion.

B. On and after March 1, 1978, and during the remainder of the initial or during any extension term hereof, Lessee shall have the unconditional right and option to purchase the leased premises at any time.

C. At the expiration of the initial or extension term and for a period of ninety (90) days thereafter (if none of the purchase options under the provisions of Paragraphs A and B has been exercised) Lessee shall have the further unconditional right and option to purchase the leased premises for the purchase price hereafter stated in "D" hereof.

D. The purchase price payable if the Lessee exercises Lessee's option to purchase the leased premises under the provisions of Paragraph A, B or C of this Section, shall be in the full amount necessary under the provisions of the Indenture to pay or redeem (on the first date thereafter on which all outstanding Bonds may be redeemed as a whole after giving the necessary notice) all outstanding Bonds (including, without limitation, principal, interest, redemption premiums, if any, expenses of redemption and the Trustee's and paying agents' fees), but after deduction of the amount, if any, then in the Bond Fund and, if the Project is not yet completed, the Construction Fund, and available for such payment and redemption. In any case, if no Bonds shall be outstanding at the time of purchase or the redemption or payment of the Bonds shall be or have been otherwise provided for, the purchase price of the leased premises shall be One Hundred Dollars (\$100.00).

E. Any of the foregoing options may be exercised by giving written notice to Lessor and the Trustee of the exercise thereof specifying the time and place of closing. In the case of the options specified in Paragraph A of this Section, such notice shall be given within six (6) months of the occurrence of the event referred to therein, and in the case of the options specified in Paragraph C of this Section, such notice shall be given within the ninety (90) day period specified therein. At the closing, Lessor shall, upon payment of the purchase price hereinabove specified, deliver or cause to be delivered with respect to the leased premises to Lessee its deed of conveyance, bills of sale, release or releases by the Trustee from all security instruments, and other appropriate documents transferring good and merchantable title to the leased premises free and clear of all liens and encumbrances except (i) those liens and encumbrances, if any, to which title thereof was subject when leased hereunder; (ii) those liens and encumbrances, created by the Lessee or to the creation of which the Lessee consented; (iii) those liens or encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Lease and Agreement; and (iv) Permitted Encumbrances; provided, however, that if such closing shall be prior to the redemption of the Bonds, such purchase price shall be paid to the Trustee for deposit in the Bond Fund and applied, together with other available moneys, to such redemption at the earliest possible time; and provided, further, however, that if such option is exercised under the provisions of sub-paragraph A(ii) of this Section, such title may be subject to the rights, titles and interest of any party having taken or who is attempting to take title to or use of all or part of the leased premises by eminent domain.

ARTICLE XVIII

NOTICES

SECTION 1801. All notices, demands and requests which may or are required to be given by either party to the other, or to the Trustee, shall be in writing and each shall be deemed to have been properly given when served personally on an executive officer of the party to whom such notice is to be given, or when sent postage prepaid by first class mail by deposit thereof in a duly constituted United States Post Office or branch thereof located in one of the present states of the United States of America in a sealed envelope addressed as follows:

If intended for Lessee:

ALLIS-CHALMERS MANUFACTURING COMPANY
Box 512, Milwaukee, Wisconsin 53201
Attention: Vice President-Finance

If intended for Lessor:

COUNTY BOARD OF COMMISSIONERS
OF LEXINGTON COUNTY
Lexington, South Carolina
Attention: Chairman

If intended for Trustee:

THE SOUTH CAROLINA NATIONAL BANK
Columbia, South Carolina
Attention: Corporate Trust Department

Any party or the Trustee may change the address and the name of addressee to which subsequent notices are to be sent by the other parties as aforesaid.

SECTION 1802. All requests, approvals and agreements required on the part of the Lessor and Lessee under this Lease and Agreement shall be in writing, signed by a duly designated representative of the party making such request, granting such approval, or entering into such agreement. The Lessor and Lessee shall concurrently with the delivery of this Lease and Agreement, notify each other of the representative or representatives of each. It is agreed that each party may have more than one representative and may change the representative or representatives from time to time, with each change to be in writing forwarded to the other party. The representative of each party so designated shall be authorized to enter into and execute any contracts or agreements or to grant any approvals or to take any action for and on behalf of the party hereto represented by him, and the other party to this Lease and Agreement shall be entitled to rely upon the duly designated representative as having full authority by binding the party hereto represented by him.

ARTICLE XIX

RECORDING

SECTION 1901. This Lease and Agreement as originally executed shall be recorded prior to the recordation of the Indenture. It shall be recorded and indexed as a miscellaneous conveyance and as a security agreement in the office of the Clerk of Court for Lexington County, South Carolina, or in such other office as may at the time be provided by law as the proper place for the recordation thereof. The security interest of

the Lessor created herein as to the personal property and fixtures and the assignment of such security interest to the Trustee shall be perfected by the filing of financing statements which fully comply with the South Carolina Uniform Commercial Code—Secured Transactions in the office of the Secretary of State in the State of South Carolina, in the City of Columbia, South Carolina and in the office of the Clerk of Court for Lexington County. The parties further agree that all necessary continuation statements shall be filed within the time prescribed by the South Carolina Uniform Commercial Code—Secured Transactions in order to continue the security interests created by this Lease and Agreement, to the end that 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 Lease and Agreement) shall be fully preserved as against creditors or purchasers for value from the Lessor or the Lessee.

SECTION 1902. Upon the completion of the Project and the installation of the Lessor's machinery and equipment the Lessee shall prepare a schedule listing all of the Lessor's machinery and equipment installed in the Project and not previously described in this Lease and Agreement and the parties hereto shall enter into a supplement to this Lease and Agreement in order to fully describe the Lessor's machinery and equipment installed as a part of the Project not theretofore previously described. Such supplement shall be duly recorded and filed in the manner prescribed by Section 1901. If requested by Lessor or Trustee, Lessee shall thereafter furnish to Lessor and Trustee within 60 days after the end of each calendar year, a schedule listing all of the Lessor's machinery and equipment then installed in the Project and not theretofore previously described herein; and the parties agree to enter into record and file as aforesaid a supplement to this Lease and Agreement in order to fully describe the Lessor's machinery and equipment installed as part of the Project and not theretofore previously described. The Lessor or the Lessee and the Trustee shall execute and deliver all instruments and shall furnish all information necessary or required in order to effect the due execution and delivery of the aforesaid supplement.

ARTICLE XX

GENERAL

SECTION 2001.

A. The term "this Lease and Agreement" means this Lease and Agreement as originally executed or as it may from time to time be supplemented or amended.

B. References to articles, sections and other subdivisions of this Lease and Agreement are to the designated articles, sections and other subdivisions of this Lease and Agreement as originally executed.

C. The words "hereof", "herein" and "hereunder" and other words of similar import refer to this Lease and Agreement as a whole.

D. Certain terms used in this Lease and Agreement are defined herein. When used herein such terms shall have the meanings given to them by the provisions of this Lease and Agreement defining such terms, unless the context clearly indicates otherwise.

SECTION 2002. This Lease and Agreement shall be construed and enforced in accordance with the laws of the State of South Carolina. Wherever in this Lease and Agreement it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligations.

SECTION 2003. If any provision of this Lease and Agreement or the application thereof to any person or circumstances shall, to any extent, be determined to be invalid or unenforceable, the remainder of this Lease and Agreement and the application of its provisions to persons or circumstances other than those as to which it has been determined to be invalid or unenforceable, shall not be affected thereby, and each provision of this Lease and Agreement shall be valid and shall be enforced to the fullest extent permitted by law.

SECTION 2004. The Article captions in this Lease and Agreement are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease and Agreement or any part thereof, or in any wise affect this Lease and Agreement and shall not be considered in any construction thereof.

SECTION 2005. It is agreed that after the Bonds are fully paid and discharged, or adequate provision is made for their payment and discharge, and all proper fees and expenses of the Trustee and Paying Agents are paid or adequate provision made for their payment, the Trustee shall cease to have any right, title and interest in, to or under this Lease and Agreement. Thereafter, all rights of approval or other rights herein specified with reference to the Trustee shall inure to the benefit of and be applicable to Lessor.

SECTION 2006. It is agreed that in the event of any non-payment of rent by Lessee or the failure or refusal by Lessee to observe, keep or perform any other covenant, condition, promise or agreement set forth in this Lease and Agreement to be observed, kept or performed by the Lessee, the Trustee shall be entitled, in the name of the Lessor, or in its own name (in accordance with the provisions of the Indenture), to enforce each and every right or remedy herein accorded in this Lease and Agreement to Lessor in the event of the non-performance or non-observance by Lessee of any such non-payment, condition, promise, covenant or agreement.

SECTION 2007. The provisions of this Lease and Agreement shall bind and inure to the benefit of the parties hereto and their respective successors, assigns and sublessees (it being understood that assignments and subleasing are governed by the provisions of Article XIV hereof).

SECTION 2008. It is agreed that the Lessor and the Lessee shall not alter, modify or amend any of the terms of this Lease and Agreement without the prior written approval of the Trustee.

SECTION 2009. Lessee shall furnish to Lessor and to the Trustee at the time that Lessee shall publish its Annual Report to Stockholders for the preceding fiscal year, but in any event within 120 days after the end of the preceding fiscal year, a balance sheet of Lessee as at the end of such fiscal year and the related statements of income and surplus for such fiscal year, all in reasonable detail and accompanied by a report or certificate of independent certified public accountants of recognized standing, who may be the accountants regularly employed by the Lessee, in the manner normally reported by the Lessee to its shareholders.

SECTION 2010. The Lessee will maintain its corporate existence and will not, without the consent of the Trustee, dissolve, sell, lease or otherwise dispose of all or substantially all of its assets; provided, however, that the Lessee may, without the consent of the Trustee, consolidate with or merge into another corporation, or sell to another corporation substantially all of its business and assets, on the condition that such corporation shall expressly assume in writing all of the obligations of Lessee contained in this Lease and that the net worth of the other corporation after the consolidation, merger or sale be at least equal to that of the Lessee immediately prior to such consolidation, merger or sale. In the event of the consolidation with or merger into another corporation or the sale of all, or substantially all, of its business and assets by the Lessee, as permitted by this sub-section, and the assumption by the other corporation of the obligations hereof, the Lessee shall be relieved from all further obligations hereunder.

ARTICLE XXI

EXPANSION OF FACILITIES

SECTION 2101. The progress of Lessee's business may justify an expansion of the industrial plant or the construction of additional industrial facilities (herein referred to as "additional facilities") beyond those that can be financed out of the proceeds of the Bonds (\$2,200,000) to such an extent that Lessee may not desire to proceed under the provisions of Section 402 to construct such facilities. Therefore, if no event of default hereunder shall have occurred or be continuing, it is agreed, subject to all of the provisions of this Article XXI, as follows:

(a) If Lessee desires to construct additional facilities, it shall notify Lessor and Lessor agrees to proceed under the provisions of the Act (or any similar then existing legislation authorizing public agencies in the State of South Carolina to issue bonds for the purpose of securing and developing industry) to issue additional bonds, otherwise than under the Indenture, subject to the requirements of the Act or any such then existing law, to finance such additional facilities. In that event, to the extent permitted by Section 2105 the Lessor and the Lessee agree to execute a separate Lease and Agreement covering the financing of such additional facilities and the leasing thereof to Lessee upon the same terms and conditions as set forth in this Lease and Agreement, subject to any changes or additions that may then be agreed upon by Lessor and Lessee, but there must be included a provision for basic annual rent in the amount necessary to provide for the payment of the principal of and interest on any such additional bonds, and any land involved in such expansion program shall automatically be withdrawn from this Lease and Agreement upon becoming subject to a separate Lease and Agreement between Lessor and Lessee.

(b) If for any reason the additional facilities cannot be financed under the Act, or any then existing similar law, as provided in sub-paragraph (a) above, or if for any reason Lessee does not desire to so proceed, Lessee shall have the right, upon notice to Lessor, to require Lessor to the extent permitted by Section 2105 to convey the land to be involved in said expansion program to Lessee free and clear of all encumbrances except those to which title was subject when leased hereunder or liens imposed thereon by Lessee.

SECTION 2102. Lessor shall make appropriate provisions in the Indenture for a release of the lands to be involved in any expansion program (under either Section 2101(a) or Section 2101(b) from the lien of the Indenture. The consideration to be paid by Lessee to Lessor upon conveyance of the lands pursuant to the provisions of Section 2101(b) shall be One Dollar (\$1.00) per acre and the mutual benefits to be derived by the parties from such expansion program.

SECTION 2103. The fact that the land involved in such expansion program shall cease to be subject to this Lease and Agreement by virtue of becoming subject to a separate Lease and Agreement or being acquired by Lessee shall not relieve, and shall not result in the relieving of, Lessee of its obligation to pay basic rent and additional rent or to perform any of the other covenants and obligations on the part of Lessee to be performed under this Lease and Agreement, or result in any diminution thereof.

SECTION 2104. Lessee's expansion program and the land subject to said separate Lease and Agreement or said acquisition by Lessee pursuant to the provisions of Section 2101 shall include only such portion of the lands originally leased and demised by this Lease and Agreement as shall not at such time be improved with a building or buildings or other structure or structures or be necessary for adequate ingress and egress to and from said buildings and structures or required for the functioning of the Project.

SECTION 2105. If no event of default under this Lease and 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 Lessor 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. No grant or release effected under the provisions of this Section shall entitle the Lessee to any abatement or diminution of the rents payable hereunder.

SECTION 2106. The rights conferred upon Lessee by this Article XXI shall be in addition to and not in limitation of any of the options granted to Lessee by the provisions of Article XVII hereof, and the provisions of this Article XXI are in addition to and not a limitation upon Lessee's rights under Section 402 hereof, but shall be available to Lessee only if no event of default hereunder shall have occurred or be continuing.

ARTICLE XXII

REMOVAL AND DISPOSAL OF PROPERTY

SECTION 2201. The Lessee may, provided Lessee is not in default in the payment of basic rent or additional rent as required by the provisions of this Lease and Agreement and has not received notice of any other default on its part hereunder, remove, free of any right or claim of Lessor or the Trustee, any building service equipment (hereinafter defined), subject, however, in all cases to the following:

(a) Building service equipment may be so removed upon the substitution thereof, then or theretofore, by Lessee of other building service equipment of a utility or value at least equal to that, at the time of removal, of the building service equipment removed;

(b) Worn out or obsolete building service equipment may be so removed and building service equipment added by Lessee after the full completion of a building (and not by way of repair, replacement or the like) may be removed, provided the original efficiency, utility and value of the building is not impaired;

(c) Lessee shall pay all the costs and expenses of any such removal and shall immediately repair at its expense all damage caused thereby.

The term "building service equipment" is intended to refer to such things as are affixed to or incorporated in a building for its operation, such as boilers, pumps, tanks, electrical panel switchboards, sprinklers, lighting equipment and wiring, heating, plumbing and ventilating equipment, elevators, escalators, refrigerating, air conditioning and air cooling equipment, and items similar in general to any of the foregoing.

SECTION 2202. The Lessor and the Lessee recognize that after Lessor's machinery and equipment is installed portions thereof may become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary in the operation of the Project as a modern manufacturing plant. The Lessor shall not be under any obligation to renew, repair or replace any such inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary items of Lessor's machinery and equipment. In any instance where the Lessee in its sound discretion determines that any items of Lessor's machinery and equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary in the operation of the Project as a modern manufacturing plant,

(a) The Lessee may remove such items of Lessor's machinery and equipment from the Project, and (on behalf of the Lessor) sell, trade-in, exchange or otherwise dispose of them without any responsibility or accountability to the Lessor or the Trustee therefor, provided that the Lessee substitutes (either by direct payment of the cost thereof or by advance to the Lessor of the funds necessary therefor, as hereinafter provided) and install anywhere in the Project other machinery or equipment having equal or greater utility (but not necessarily the same function) in the operation of the Project as a modern manufacturing plant, and provided further that such removal and substitution shall not impair the operating unity of the Project. All such substituted machinery or equipment shall be the sole property of the Lessor, shall be and become a part of Lessor's machinery and equipment subject to this Lease and Agreement and shall be held by the Lessee on the same terms and conditions as items originally comprising Lessor's machinery and equipment.

(b) The Lessee may remove such items of Lessor's machinery and equipment from the Project and sell, trade-in or exchange them (in whole or in part) on behalf of the Lessor, either to itself or to another, or scrap them (in whole or in part), without being required to substitute and install in the Project other items of machinery or equipment in lieu thereof, provided (i) that in the case of the sale of any such

machinery or equipment to anyone other than itself or in case of the scrapping thereof, the Lessee pays 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 machinery or equipment for other machinery or equipment not to be installed in the Project, the Lessee pays into the Bond Fund the amount of the credit received by it on such trade-in, and (iii) that in the case of the sale of any such machinery or equipment to the Lessee, the Lessee pays into the Bond Fund an amount equal to the original cost thereof less depreciation at rates calculated on a straight-line basis in accordance with generally accepted accounting practice.

In any case where the Lessee purchases, installs and substitutes in the Project any item of machinery or equipment, the Lessee may, in lieu of purchasing and installing said items of machinery and equipment itself, advance to the Lessor the funds necessary therefor, whereupon the Lessor will purchase and install such machinery or equipment in the Project.

The Lessee shall promptly report such removals, substitutions, sales and other dispositions of items of Lessor's machinery and equipment to the Trustee, shall pay to the Trustee such amounts as are required by the provisions of the preceding sub-section (b) to be paid into the Bond Fund promptly after the sale, trade-in or scrapping requiring such payment, and will execute and deliver to the Lessor and the Trustee such documents as may from time to time be requested to confirm the title of the Lessor (subject to this Lease and Agreement and the Indenture) to any items of machinery and equipment that under the provisions of this Section are to become a part of Lessor's machinery and equipment. The Lessee shall pay any costs (including counsel fees) incurred in subjecting to the lien of the Indenture any items of machinery or equipment that under the provisions of this Section are to become a part of Lessor's machinery and equipment. The Lessee shall not remove, or permit the removal of any of Lessor's machinery and equipment from the leased premises except in accordance with the provisions of this Section.

SECTION 2203. If requested by Lessor or Trustee, Lessee shall furnish to Lessor and Trustee within sixty (60) days after the end of each calendar year, Lessee's certificate setting forth a summary description of all removals made pursuant to Sections 2201 and 2202.

ARTICLE XXIII

PRIORITY OF LEASE

SECTION 2301. Notwithstanding anything to the contrary in this Lease and Agreement, this Lease and Agreement (and any amendment or supplement hereto executed in accordance with and pursuant to the provisions of the Lease and Agreement) and the leasehold of the Lessee hereunder are and shall continue to be superior and prior to the Indenture (and all supplements thereto) and any other and all encumbrances, mortgages, deeds of trust and trust indentures, and any of them, constituting or granting a lien upon the leased premises or any part thereof or interest therein.

IN WITNESS WHEREOF, the parties hereto have caused this Lease and Agreement to be signed in several counterparts, each of which may be considered an original without the presentation of the others, by their duly authorized officials and officers as of the day and year first hereinabove written.

LEXINGTON COUNTY, SOUTH CAROLINA

Lessor

[SEAL]

By
Chairman of the County Board of
Commissioners of Lexington County

Signed, sealed and delivered in the presence of:

ATTEST:

.....
Clerk of the County Board of
Commissioners of Lexington County

ALLIS-CHALMERS MANUFACTURING COMPANY
Lessee

[SEAL]

By
Senior Vice-President

ATTEST:

.....
Asst. Secretary

Signed, sealed and delivered in the presence of:

.....
.....

STATE OF SOUTH CAROLINA }
COUNTY OF LEXINGTON }

Personally appeared before me, who being duly sworn says that he saw the corporate seal of LEXINGTON COUNTY affixed to the foregoing Lease and Agreement, and that he also saw as Chairman of the County Board of Commissioners of Lexington County and as Clerk of the County Board of Commissioners of Lexington County sign and attest the same, and that he with witnessed the execution and delivery thereof as the act and deed of the said Lexington County.

Sworn to before me this
.... day of, 1968.

..... (L.S.)
Notary Public for the State of
My Commission Expires:

STATE OF WISCONSIN }
COUNTY OF MILWAUKEE }

Personally appeared before me, who being duly sworn says that he saw the corporate seal of ALLIS-CHALMERS MANUFACTURING COMPANY affixed to the foregoing Lease and Agreement, and that he also saw as Senior Vice President and as Assistant Secretary sign and attest the same, and that he with witnessed the execution and delivery thereof as the act and deed of the said Allis-Chalmers Manufacturing Company.

Sworn to before me this
.... day of, 1968.

..... (L.S.)
Notary Public for the State of
My Commission Expires:

EXHIBIT A

The real property described herein is located in Lexington County, South Carolina, and consists of the following tracts of land, to wit:

TRACT A: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 12.98 acres, more particularly shown and delineated as Tract A on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at an iron in the northwesterly right-of-way limits of Interstate Highway #20 and running thence N 20° 31' W 981.48 feet to an iron in the Southeasterly right-of-way limits of Road S-32-626; thence turning and running along the right-of-way limits of said roadway N 52° 47' E 114.80 feet to a point; thence continuing along said right-of-way limits N 46° 35' E 181.0 feet to an iron; thence turning and running S 63° 36' E along Tract B shown on said plat 509.44 feet to an iron; thence turning and running S 23° 15' E 505.0 feet to a point marked by a stake; thence turning and running S 25° 15' E 65.7 feet to a stake in the northwesterly right-of-way limits of Interstate Highway #20; thence turning and running South along said right-of-way limits 57° 09' W 669.8 feet to an iron, the point of beginning. This being the same property conveyed to Board of Commissioners for Lexington County by deed of R. G. Padgett, Mary R. Padgett and Lizzie E. Gunter to be filed for record.

TRACT B: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 30.40 acres, more particularly shown and delineated as Tract B on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at an iron marking the northernmost corner of Tract A at the intersection of right-of-way of Road S-32-626 and running thence along the right-of-way of said road N 43° 15' E 228.03 feet to a point; thence continuing along said right-of-way N 36° 36' E 525.62 feet to a point; thence continuing along said right-of-way limits of said road in an arc 458.6 feet to an iron; the chord of such arc being N 50° 56' E 454.22 feet; thence continuing along said right-of-way limits N 65° 11' E 104.85 feet to an iron; thence turning and running S 33° 03' E 1274.10 feet to the northwesterly limits of Interstate Highway #20; thence turning and running along said right-of-way limits S 57° 06' W 752.2 feet to a concrete monument; thence turning and running S 57° 09' W 353.6 feet to a stake, marking the southernmost corner of Tract A; thence turning and running N 25° 15' W 65.7 feet to a stake; thence turning and running N 23° 15' W 505.0 feet to an iron; thence turning and running N 63° 36' W 509.44 feet to an iron, the point of beginning. This being the same property conveyed to Board of Commissioners for Lexington County by deed of Albert J. Dooley, Raymond S. Caughman, Marvin P. Caddell and J. K. Addy, to be filed for record.

TRACT C: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 10.03 acres, more particularly shown and delineated as Tract C on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at a point in the common boundary line between Tracts C and D that is located S 74° 40' W 207.4 feet from an iron in the easternmost common boundaries of Tracts E and F, and from such point of beginning running S 67° 14' W 633.3 feet to a stake in the boundary line of Tract B; and thence turning and running along Tract B N 33° 03' W 611.70 feet to an iron in the southeasterly limits of the right-of-way of Road S-32-626; thence turning and running along such right-of-way limits N 65° 11' E 306.71 feet to an iron; thence turning and running N 67° 05' E 239.78 feet to an iron; thence turning and running S 6° 32' E 44.68 feet to an iron; thence turning and running N 89° 23' E 332.7 feet to an iron; thence turning and running S 10° 11' E 407.0 feet to a concrete monument; thence continuing along the western boundary of Tract E on the same bearing 50 feet to the point of beginning. This being the same property conveyed to Board of Commissioners for Lexington County by deed of Raymond S. Caughman to be filed for record.

TRACT D: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 9.75 acres, more particularly shown and delineated as Tract

D on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at a point on the northwesterly right-of-way limits of Interstate Highway #20 comprising the easternmost corner of Tract B and running thence along Tract B N 33° 03' W 662.40 feet to a stake; thence turning and running along the southeasterly boundary line of Tract C N 67° 14' E 633.3 feet to a point; thence turning and running S 10° 11' E along Tract F 50 feet to a point; thence turning and running N 74° 40' E along Tract F 207.3 feet to a point; thence turning and running S 10° 07' E 501.8 feet to a concrete monument in the northwesterly limits of Interstate Highway #20, to a point approximately 1,600 feet in a westerly direction from South Carolina Highway #6; and from such concrete monument running along the highway right-of-way limits S 59° 53' W 202.9 feet to a point; thence turning and continuing along the highway right-of-way limits S 59° 07' W 205.1 feet to a point; thence continuing along the highway limits S 58° 02' W for a distance of 198.1 feet to the point of commencement. This being the same property conveyed to Board of Commissioners for Lexington County by deed of Toland H. Watson, William P. Thompson, James M. Feagle and L. E. Richardson to be filed for record.

EXHIBIT B

The machinery, equipment and other personal property described herein is subject to change during the period of construction of the Project, as defined in the Indenture. As provided in the granting clause of the Indenture, all machinery, equipment and other personal property actually acquired as part of the Project will be identified in a ledger to be filed and maintained as provided therein.

1. Compressors.
2. Fixtures, partitions, racks and bins.
3. Air hoists and related equipment.
4. Machine tools and equipment.
5. Battery chargers.
6. Office furniture and equipment.
7. Conveyors.

ASSIGNMENT OF LEASE AND AGREEMENT

STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON

KNOW ALL MEN BY THESE PRESENTS, that LEXINGTON COUNTY, a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through the undersigned Chairman of the County Board of Commissioners of Lexington County and the Clerk of the County Board of Commissioners of Lexington County, in consideration of the sum of One Dollar (\$1) to it in hand paid at and before the sealing of these presents, the receipt of which is hereby acknowledged, has assigned, transferred and set over, and by these presents does assign, transfer and set over unto The South Carolina National Bank, a national banking association having its principal office in Columbia, South Carolina, as Trustee under that certain Trust Indenture dated as of March 1, 1968, between said Lexington County and said Bank, as Trustee:

All of the right, title and interest of said Lexington County in and to the foregoing Lease and Agreement dated as of March 1, 1968, between said Lexington County, as Landlord, and Allis-Chalmers Manufacturing Company, as Tenant.

This Assignment of Lease and Agreement is made pursuant to and subject to all the terms and conditions of said Trust Indenture dated as of March 1, 1968, the terms of which are incorporated by this reference as fully as if the same were set forth at length herein, said Trust Indenture being intended to be duly recorded immediately subsequent to the recording of said Lease and Agreement and this Assignment of Lease and Agreement.

IN WITNESS WHEREOF, Lexington County, South Carolina, has executed this Assignment of Lease and Agreement by causing its name to be hereunto subscribed by the Chairman of the County Board of Commissioners of Lexington County and the Clerk of the County Board of Commissioners of Lexington County and the official seal of said County to be impressed hereon, all being done as of the day of , 1968.

LEXINGTON COUNTY, SOUTH CAROLINA

By
Chairman of the County Board
of Commissioners

By
Clerk of the County Board
of Commissioners

[SEAL]

Signed, sealed and delivered in the presence of:

.....

.....

1402

STATE OF SOUTH CAROLINA
COUNTY OF LEXINGTON

Personally appeared before me, who being duly sworn says that he saw the corporate seal of LEXINGTON COUNTY affixed to the foregoing Assignment of Lease and Agreement, and that he also saw as Chairman of the County Board of Commissioners of Lexington County and as Clerk of the County Board of Commissioners of Lexington County sign the same, and that he with witnessed the execution and delivery thereof as the act and deed of the said Lexington County.

Sworn to before me this
.... day of, 1968.

..... (L.S.)
Notary Public for the State of South Carolina

My Commission Expires:

[1404

LEXINGTON COUNTY, SOUTH CAROLINA

TO

THE SOUTH CAROLINA NATIONAL BANK

TRUST INDENTURE

Dated as of March 1, 1968

TRUST INDENTURE

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* Table of Contents is not part of the Trust Indenture.

TRUST INDENTURE

THIS INDENTURE executed as of the first day of March, 1968, by and between LEXINGTON COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (called "County"), as party of the first part, and THE SOUTH CAROLINA NATIONAL BANK, a national banking association having its principal corporate trust office in Columbia, South Carolina, as Trustee (called "Trustee"), as party of the second part.

WITNESSETH:

WHEREAS, the County has the necessary power and authority, among other things, to acquire, and construct and to lease to Allis-Chalmers Manufacturing Company, a Delaware corporation (hereinafter referred to as the "Company" or "Allis-Chalmers"), certain land, buildings and structures, machinery and equipment, and related facilities, to be located in the County and to constitute upon the completion thereof a plant for the manufacture of various lines of machinery and equipment (said land, buildings and structures, machinery and equipment, and related facilities herein referred to as the "Project"), such acquisition, construction and leasing being for a proper public purpose and as an essential governmental function, in order to assist and encourage local industries to expand their investment in South Carolina, to promote the industrial development of the State and Lexington County, to meet the growing competition for new industries, to strengthen the economy of the State and Lexington County, to increase their commerce and to promote their welfare and prosperity, and to provide employment, all pursuant to the provisions of Act No. 103 of the General Assembly of South Carolina enacted at the 1967 Regular Session (hereinafter referred to as the "Act"); and

WHEREAS, contemporaneously with the execution of this Trust Indenture, the County and the Company have entered into a Lease and Agreement of even date (herein referred to as the "Lease and Agreement"), providing for the leasing of the Project by the County to the Company; and

WHEREAS, to provide funds for the acquisition and construction of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Bonds hereinafter mentioned, the County has authorized the issuance of its Industrial Revenue Bonds (hereinafter referred to as the "Bonds") in the aggregate principal amount of not exceeding \$2,200,000 pursuant to the Act and a Resolution of the County Board adopted on April 5, 1968 (hereinafter referred to as the "Resolution") and this Trust Indenture; and

WHEREAS, the Bonds, interest coupons to be attached thereto and the Trustee's Certificate to be endorsed thereon are all to be in substantially the following forms, with necessary and appropriate variations, omissions and insertions as permitted or required by this Trust Indenture (although not set forth on the forms, the approving opinion of bond counsel may be printed on the Bonds), to wit:

(FORM OF COUPON BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA

LEXINGTON COUNTY

INDUSTRIAL REVENUE BOND
1968 ALLIS-CHALMERS PROJECT

No.

\$5000

KNOW ALL MEN BY THESE PRESENTS, that Lexington County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (called "County"), for value received, promises

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to pay to bearer, or if this bond be registered to the registered owner hereof, but solely from the source and in the manner hereinafter provided, on March 1, 1988, the principal sum of

FIVE THOUSAND DOLLARS

in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay in like coin or currency interest on said principal amount from the date hereof until paid at the rate of six per cent (6%) per annum, such interest to be payable semi-annually on March 1 and September 1 of each year, commencing September 1, 1968, upon presentation and surrender of the annexed coupons as they severally become due. The principal of this bond and the interest thereon are payable at the principal office of The Chase Manhattan Bank, N. A., in the City and State of New York, or at the option of the holder, at the principal office of The South Carolina National Bank, in the City of Columbia, South Carolina.

This bond, designated "Lexington County, South Carolina, Industrial Revenue Bond, 1968 Allis-Chalmers Project", is one of an issue of bonds aggregating Two Million Two Hundred Thousand Dollars (\$2,200,000) (called "Bonds"). The Bonds are all issued under and are all equally and ratably secured by and entitled to the protection given by a Trust Indenture (herein called "Indenture"), dated as of March 1, 1968, duly executed and delivered by the County to The South Carolina National Bank, Columbia, South Carolina, as Trustee (called "Trustee"), and reference is hereby made to the Indenture and to all indentures supplemental thereto for 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 and registered owners of the Bonds, and the terms upon which the Bonds are issued and secured.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, particularly Act No. 103 of the Acts of the General Assembly of the State of South Carolina for the year 1967 (herein called the "Act"), and pursuant to action taken by the governing body of Lexington County and with approval of the State Budget and Control Board of South Carolina, for the purpose of financing the cost of acquiring and constructing lands, buildings, improvements, machinery, equipment and related facilities as a plant for the manufacture of various lines of machinery and equipment (called "Project") and paying necessary expenses of issuing the Bonds. The Project has been leased under a Lease and Agreement to Allis-Chalmers Manufacturing Company, as Lessee (called "Lease and Agreement"), for rentals sufficient to provide for the payment of the principal of, including any applicable redemption premiums, and interest on the Bonds as the same become due.

This bond and the issue of which it is a part and the coupons appertaining thereto are limited obligations of the County, payable as to interest, principal and redemption premium solely from and secured by a pledge of the lease rentals, revenues and receipts derived from or in connection with the Project, including moneys received under the Lease and Agreement, which are required to be set apart and transferred to the "Lexington County, South Carolina, 1968 Industrial Revenue Bond Fund—Allis-Chalmers Project" (called "Bond Fund") under the Indenture. The bonds are further secured by the lien of the Indenture on the Project. This bond and the interest coupons annexed hereto shall never constitute an indebtedness of the County within the meaning of any provision of the Constitution of the State of South Carolina or any 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.

The holder of this bond 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 and defend any suit or other proceeding 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 be declared and may become due and payable before the stated maturity thereof, together with accrued interest thereon.

Modifications or alterations of the Indenture (otherwise than pursuant to the terms of the Sinking Fund as hereinafter mentioned) or of any indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Bonds will not be subject to redemption prior to March 1, 1978 except (1) if title to all or substantially all of the Project is condemned, (2) if the Project is not restored after major damage or destruction, or (3) if the Lessee exercises an option to purchase the Project as provided in the Lease and Agreement in the event of: (i) major damage or destruction to or the taking by condemnation of title to or the temporary use of all or substantially all of the Project, (ii) certain changes in the laws referred to in the Lease and Agreement, or (iii) legal curtailment of Lessee's use and occupancy of the Project to the extent provided in the Lease and Agreement. In such cases, the Bonds shall be callable, at any time, in whole, at a price of the principal amount thereof plus accrued interest to the redemption date.

The Bonds will also be subject to redemption prior to maturity in part by lot, pursuant to the terms of the Sinking Fund provided in the Indenture, on March 1, 1970 and on each March 1 thereafter to and including March 1, 1987, at a price of the principal amount thereof plus accrued interest to the redemption date.

The Bonds will also be subject to redemption prior to maturity on any interest payment date on or after March 1, 1978, in whole at any time, or in part by lot on any interest payment date, in multiples of \$5,000, at a price of the principal amount plus accrued interest to the redemption date and plus a redemption premium (expressed as a percentage of principal amount) as follows:

| <u>From</u> | <u>To and Including</u> | <u>Redemption Premium</u> |
|--|-------------------------|-------------------------------|
| March 1, 1978 | March 1, 1981 | 2% |
| March 2, 1981 | March 1, 1984 | 1% |
| March 2, 1984 and thereafter without premium | | |

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed shall be given by publication at least once in a financial journal of general circulation published in the City of New York, State of New York, not less than thirty nor more than sixty days prior to the redemption date, and in the case of the redemption of fully registered Bonds or Bonds at the time registered as to principal only, 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 fully registered or registered as to principal, 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 Bonds. All Bonds so called for redemption shall cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the 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.

This bond may be registered as to principal alone and may be discharged from such registration, in the manner, with the effect and subject to the terms and conditions endorsed on the reverse side hereof and set forth in the Indenture. Subject to such provisions for registration, nothing contained in this bond or in the Indenture shall affect or impair the negotiability of this bond, and, as declared in the Act, this bond shall be deemed to be a negotiable instrument under the laws of the State of South Carolina, and this bond is issued with the intent that the laws of the State of South Carolina will govern its construction.

The holder of any coupon Bond or Bonds (whether or not registered as to principal) may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered Bonds of any authorized denomination in the manner and subject to the conditions provided in the Indenture. In like manner and subject to such conditions, the owner of any fully registered Bond or Bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any authorized denomination.

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 issuance of this bond do exist, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by this bond and the issue of which it forms a part, together with all obligations of the County, does not exceed any constitutional or statutory limitation.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, Lexington County, South Carolina has caused this bond to be executed in its name by the manual or facsimile signature of the Chairman of the County Board of Commissioners of Lexington County, and the corporate seal of said County to be affixed, impressed, imprinted or otherwise reproduced hereon, and attested by the manual or facsimile signature of the Clerk of the County Board of Commissioners of Lexington County, and has caused the interest coupons hereto attached to be executed by the facsimile signatures of said Chairman and said Clerk, all as of the first day of March, 1968.

LEXINGTON COUNTY, SOUTH CAROLINA

By
*Chairman of the County Board
of Commissioners of Lexington County*

[SEAL]

ATTEST:

.....
*Clerk of the County Board
of Commissioners of Lexington County*

(FORM OF TRUSTEE'S CERTIFICATE)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within mentioned Indenture.

THE SOUTH CAROLINA NATIONAL BANK
Trustee

By
Authorized Signature

(FORM OF INTEREST COUPON)

\$.....

No.

On the first day of, 19.., (unless the bond to which this coupon is attached shall have been previously called for redemption and payment of the redemption price made or provided for), Lexington County, South Carolina, will pay to bearer, solely from the funds pledged therefor, at the principal office of The Chase Manhattan Bank, N. A., in the City and State of New York, or at the option of the holder, at the principal office of The South Carolina National Bank, in the City of Columbia, South Carolina, upon presentation and surrender hereof, the amount shown hereon in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, being six (6) months' interest then due on its Industrial Revenue Bond, 1968 Allis-Chalmers Project, dated March 1, 1968, No.

LEXINGTON COUNTY, SOUTH CAROLINA

(facsimile signature)

By

*Chairman of the County Board
of Commissioners of Lexington County*

(facsimile signature)

.....

*Clerk of the County Board
of Commissioners of Lexington County*

PROVISIONS FOR REGISTRATION AND RECONVERSION

This bond may be registered as to principal alone on books of the County, kept by the Trustee as bond registrar, upon presentation hereof to the bond registrar, which shall make mention of such registration in the registration blank below, and this bond may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the bond registrar, such transfer to be made on such books and endorsed hereon by the bond registrar. Such transfer may be to bearer and thereafter transferability by delivery shall be restored, but this bond shall again be subject 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 notwithstanding the registration of this bond as to principal, the appurtenant interest coupons shall remain payable to bearer and shall continue to be transferable by delivery.

| <u>Date of Registration</u> | <u>Name of Registered Owner</u> | <u>Signature of Bond Registrar</u> |
|---------------------------------|-------------------------------------|--|
| | | |
| | | |
| | | |
| | | |
| | | |

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
LEXINGTON COUNTY

INDUSTRIAL REVENUE BOND
1968 ALLIS-CHALMERS PROJECT

No. R-..... \$.....

KNOW ALL MEN BY THESE PRESENTS, that Lexington County, South Carolina, a body politic and corporate, and a political subdivision of the State of South Carolina (called "County"), for value received, promises to pay to or assigns (called "Payee"), the principal sum of

..... DOLLARS

on the first day of March, 1988, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest on said principal amount in like coin or currency, at the rate of six per cent (6%) per annum semiannually on March 1 and September 1 of each year, commencing September 1, 1968 from the date hereof until paid. Payments of interest shall be by check or draft mailed by The South Carolina National Bank, Columbia, South Carolina, as Trustee (called "Trustee"), to the Payee without the necessity of surrendering this bond and all such payments shall fully discharge the obligation of the County herein to the extent of the payments so made. The Trustee shall keep a record of all such payments. The principal of this bond is payable to or upon the order of the registered owner or his legal representative at the principal office of The Chase Manhattan Bank, N. A., in the City and State of New York, or at the option of the owner, at the principal office of the Trustee upon

presentation and surrender of this bond for cancellation and, if appropriate, exchange for a bond in the principal amount equal to the balance of the principal amount of this bond remaining unpaid.

This bond, designated as "Lexington County, South Carolina, Industrial Revenue Bond, 1968 Allis-Chalmers Project", is one of an issue of bonds aggregating Two Million Two Hundred Thousand Dollars (\$2,200,000) (called "Bonds"). The Bonds are all issued under and are all equally and ratably secured and entitled to the protection given by a Trust Indenture (herein called "Indenture"), dated as of March 1, 1968, duly executed and delivered by the County to the Trustee, and reference is hereby made to the Indenture and to all indentures supplemental thereto for 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 and registered owners of the Bonds, and the terms upon which the Bonds are issued and secured.

The Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of South Carolina, particularly Act No. 103 of the Act of the General Assembly of the State of South Carolina for the year 1967 (called "Act"), and pursuant to action taken by the governing body of Lexington County and with approval of the State Budget and Control Board of South Carolina, for the purpose of financing the cost of acquiring and constructing lands, buildings, improvements, machinery, equipment and related facilities as a plant for the manufacture of various lines of machinery and equipment (called "Project") and paying necessary expenses of issuing the Bonds. The Project has been leased under a Lease and Agreement to Allis-Chalmers Manufacturing Company, as Lessee (called "Lease and Agreement"), for rentals sufficient to provide for the payment of the principal of, including any applicable redemption premiums, and interest on the Bonds as the same become due.

This Bond and the issue of which it is a part are limited obligations of the County, payable as to interest, principal and redemption premium solely from and secured by a pledge of the lease rentals, revenues and receipts derived from or in connection with the Project, including moneys received under the Lease and Agreement, which are required to be set apart and transferred to the "Lexington County, South Carolina, 1968 Industrial Revenue Bond Fund—Allis-Chalmers Project" (called "Bond Fund") under the Indenture. The bonds are further secured by the lien of the Indenture on the Project. This bond shall never constitute an indebtedness of the County within the meaning of any provision of the Constitution of the State of South Carolina or any 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.

The holder of this bond 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 and defend any suit or other proceeding 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 be declared and may become due and payable before the stated maturity thereof, together with accrued interest thereon.

Modifications or alterations of the Indenture, or of any indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

The Bonds will not be subject to redemption (otherwise than pursuant to the terms of the Sinking Fund as hereinafter mentioned) prior to March 1, 1978 except (1) if title to all or substantially all of the Project is condemned, (2) if the Project is not restored after major damage or destruction, (3) or if the Lessee exercises an option to purchase the Project as provided in the Lease and Agreement in the event of: (i) major damage or destruction to or the taking by condemnation of title to or the temporary use of all or substantially all of the Project, (ii) certain changes in the laws referred to in the Lease and Agreement, or (iii) legal curtailment of Lessee's use and occupancy of the Project to the extent provided in the Lease and Agreement. In such cases, the Bonds shall be callable at any time, in whole, at a price of the principal amount thereof plus accrued interest to the redemption date.

The Bonds will also be subject to redemption prior to maturity in part by lot, pursuant to the terms of the Sinking Fund provided in the Indenture, on March 1, 1970 and on each March 1 thereafter to and including March 1, 1987, at a price of the principal amount thereof plus accrued interest to the redemption date.

The Bonds will also be subject to redemption prior to maturity on any interest payment date on or after March 1, 1978, in whole at any time, or in part by lot on any interest payment date, in multiples of \$5,000, at a price of the principal amount plus accrued interest to the redemption date and plus a redemption premium (expressed as a percentage of principal amount) as follows:

| <u>From</u> | <u>To and Including</u> | <u>Redemption Premium</u> |
|--|-------------------------|-------------------------------|
| March 1, 1978 | March 1, 1981 | 2% |
| March 2, 1981 | March 1, 1984 | 1% |
| March 2, 1984 and thereafter without premium | | |

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed shall be given by publication at least once in a financial journal of general circulation published in the City of New York, State of New York, not less than thirty nor more than sixty days prior to the redemption date, and in the case of the redemption of fully registered Bonds or Bonds at the time registered as to principal only, 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 fully registered or registered as to principal only, 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 shall cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the 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.

Portions of any registered Bond in an authorized denomination of more than \$5,000 to be redeemed shall be selected by lot by the Trustee in a principal amount of \$5,000 or a multiple thereof in such manner as the Trustee in its discretion may determine, and at the surrender of such Bond there will be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, either coupon Bonds or registered Bonds of like maturity in any of the authorized denominations as provided for in the Indenture.

This bond is transferable, as provided in the Indenture, by the registered owner hereof in person, or by his duly authorized attorney, upon presentation of this bond at the principal office of the Trustee with the assignment hereon duly executed by the registered owner or his duly authorized attorney, and thereupon the Trustee shall note the transfer upon the registration books kept by the Trustee as bond registrar.

The holder of any coupon Bond or Bonds (whether or not registered as to principal) may surrender the same, with all unmatured coupons attached, at the principal office of the Trustee, in exchange for an equal aggregate principal amount of fully registered Bonds of any authorized denomination in the manner and subject to the conditions provided in the Indenture. In like manner and subject to such conditions, the owner of any fully registered Bond or Bonds may surrender the same to the Trustee at its principal office (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) with appropriate coupons attached, or of fully registered Bonds of any authorized denomination.

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 issuance of this bond do exist, have happened and have been performed in due time, form and manner as required by law; that this bond and the issue of which it forms a part, together with all obligations of the County, does not exceed any constitutional or statutory limitation.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, Lexington County, South Carolina has caused this bond to be executed in its name by the manual or facsimile signature of the Chairman of the County Board of Commissioners of Lexington County and the corporate seal of the County to be affixed, impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of the Clerk of the County Board of Commissioners of Lexington County, all as of

LEXINGTON COUNTY, SOUTH CAROLINA

By
*Chairman of the County Board
of Commissioners of Lexington County*

ATTEST:
[SEAL]

.....
*Clerk of the County Board
of Commissioners of Lexington County*

(FORM OF TRUSTEE'S CERTIFICATE)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within mentioned Indenture.

THE SOUTH CAROLINA NATIONAL BANK
Trustee

By
Authorized Signature

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

.....
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

.....
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

..... attorney
to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:

.....
NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

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, including any applicable redemption premiums, 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 INDENTURE WITNESSETH:

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 the sum of One Dollar (\$1.00), 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, and in order to secure the payment of the principal of, including any applicable redemption premiums, and interest on the Bonds, according to their tenor and effect and the performance and observances 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 and Agreement, grant, bargain, sell, convey, mortgage, assign and pledge unto the Trustee, and unto its successor or successors in trust, and to them and their 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 Lexington County, State of South Carolina, which is described in Exhibit A hereto, with all buildings, additions and improvements now or hereafter located thereon, together 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

All machinery, equipment and other personal property of every kind and nature whatever described in Exhibit B hereto or otherwise acquired by the County and paid for out of the Construction Fund and placed on and in the land and improvements described on Exhibit A hereto, or elsewhere, including, without limitation, all replacements and substitutions which become the property of the County pursuant to the provisions of the Lease and Agreement, all machinery, equipment or other property which under the terms of the Lease and 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. All such machinery, equipment and other personal property shall be identified in a ledger prepared by Allis-Chalmers, one copy of which shall be filed with the Trustee and one copy maintained by Allis-Chalmers on the mortgaged property. In this regard, all machinery, equipment and other personal property of whatever nature situated on the lands and in the buildings and improvements embodied in the mortgaged property shall be conclusively deemed to be owned by the County rather than Allis-Chalmers, unless purchased by Allis-Chalmers and placed on the lands and in the buildings and improvements constituting the mortgaged property and marked by an appropriate tag or other device as being the property of Allis-Chalmers. Any machinery, equipment and personal property placed elsewhere than on the lands and in the buildings and improvements embodied in the mortgaged property must be marked by an appropriate tag or other device reflecting that it is owned by the County, leased to Allis-Chalmers, and covered by this Indenture. Included herein is "Lessor's machinery and equipment" as defined in the Lease and Agreement but there is not included any machinery, equipment and personal property owned by Allis-Chalmers.

III

All right, title and interest of the County in and to the Lease and Agreement, and all lease rentals, revenues and receipts received from or in connection with the Project, including moneys received under the Lease and Agreement, which are required to be set apart and transferred to the "Lexington County, South Carolina, 1968 Industrial Revenue Bond Fund—Allis-Chalmers Project".

IV

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is 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 any other person, firm or corporation, or with the consent of the County, to the Trustee, which is hereby authorized to receive any and all such property at any time and at all times 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 trusts 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 attached issued under and secured by this Indenture without privilege, priority or distinction as to lien or otherwise of any of the Bonds or coupons thereto attached over any of the others of the Bonds or coupons; provided, however, that if the County, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, including any applicable redemption premiums, the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds and the interest coupons appertaining to the Bonds, respectively, according to the true intent and meaning thereof, and shall make the payments into the Bond Fund as required under Article V or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Trustee sufficient amounts, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH that, and it is expressly declared, all the 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 Bonds or coupons thereto appertaining or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

SECTION 101. In addition to the words and terms elsewhere defined in this Indenture (including the preambles), the following words and terms as used in this Indenture shall have the following meanings:

"Lexington County, South Carolina, 1968 Industrial Revenue Bond Fund—Allis-Chalmers Project" or "Bond Fund"—The fund of the County created by Section 501 of the Indenture into which the funds specified in Article V are to be deposited and out of which disbursements are to be made as expressly authorized and directed by the Indenture.

"Bonds"—The Lexington County, South Carolina, Industrial Revenue Bonds, 1968 Allis-Chalmers Project, secured by the Indenture, authorized in the total principal amount of \$2,200,000.

"County"—Lexington County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina.

"Indenture"—This Trust Indenture together with all indentures supplemental hereto.

"Outstanding hereunder"—"Bonds outstanding hereunder"—All Bonds which have been authenticated and delivered under the Indenture except:

(a) Bonds cancelled because of payment or redemption;

(b) Bonds for the payment or redemption of which funds or securities in which such funds are invested shall have been theretofore deposited with the Trustee or any Paying Agent (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 provision satisfactory to the Trustee and Paying Agent shall have been made therefor, or a 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 209.

"Paying Agent"—The Trustee is a Paying Agent and such other banks or trust companies named by the County as additional places at which the principal of and interest on the Bonds shall be available for payment may be additional Paying Agents.

"Person"—Includes natural persons, firms, associations, corporations and public bodies.

"Project"—The lands, buildings, improvements, machinery, equipment and facilities embodied in and pertaining to the industrial project leased to Allis-Chalmers by the Lease Agreement and being financed out of the proceeds of the Bonds, including the properties in the trust estate.

"Trustee"—The Trustee for the time being, whether original or successor, with the original Trustee being The South Carolina National Bank. The Trustee is also a Paying Agent.

"Trust estate"—"property herein conveyed"—"mortgaged property"—The properties comprising the Project, being all of the properties leased to Allis-Chalmers under the Lease Agreement as well as all other properties which, under the terms of the Indenture, subsequently become subject to the lien of the Indenture, including the properties, interests and rights covered by the granting clauses of the Indenture.

"Holder" or "Bondholder"—"owner of the Bonds"—The bearer of any Bond not registered as to principal and the registered owner of any Bond registered as to principal or any fully registered Bond.

"Allis-Chalmers"—Allis-Chalmers Manufacturing Company, a Delaware corporation. Allis-Chalmers is Lessee under the Lease Agreement.

"Lessee" or "Lessee under the Lease Agreement"—Allis-Chalmers or its successor or assignee (if the successor or assignee becomes Lessee under the terms of this Trust Indenture).

"Lease" or "Lease Agreement"—The Lease and Agreement described in Section 410 of this Indenture wherein the County is Lessor and Allis-Chalmers is Lessee.

"Industrial Revenue Bond Construction Fund—1968 Allis-Chalmers Project" or "Construction Fund"—The fund created by Section 601 into which the portion of the proceeds of the sale of the Bonds specified in Section 601 is to be deposited and out of which disbursements are to be made in the manner and for the purposes specified in Article VI of the Indenture.

SECTION 102. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa.

SECTION 103. The words "hereof", "herein" and "hereunder" and words of similar import refer to this Indenture as a whole.

ARTICLE II

THE BONDS

SECTION 201. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article, and the total principal amount of Bonds that may be issued is hereby expressly limited to Two Million Two Hundred Thousand Dollars (\$2,200,000), except with respect to substituted Bonds issued under Section 209.

SECTION 202. The Bonds shall be designated "Lexington County, South Carolina, Industrial Revenue Bonds, 1968 Allis-Chalmers Project" (called "Bonds") and shall be in coupon or fully registered form, as hereinafter provided. The coupon Bonds shall be dated March 1, 1968. Fully registered Bonds shall be dated and shall bear interest from the interest payment date next preceding the date of authentication thereof by the Trustee, or such date of authentication if it be an interest payment date; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds shall be in default, the fully registered Bonds issued upon transfer or exchange shall bear interest from the date to which interest has been paid on the Bonds surrendered; and provided, further, that if the date of authentication shall be prior to the first interest payment date for the Bonds, fully registered bonds shall be dated and bear interest from March 1, 1968. The Bonds shall be in the denomination of five thousand dollars each except that fully registered Bonds may be in larger denominations that are multiples of five thousand dollars, and shall mature on March 1, 1988 and bear interest at the rate of six per centum (6%) per annum, payable semi-annually on March 1 and September 1 of each year.

Interest on the coupon Bonds shall be evidenced by interest coupons. The principal of the coupon Bonds and the interest thereon evidenced by interest coupons, shall be payable to bearer upon presentation and surrender of the coupon Bonds or interest coupons at the office of the Paying Agent or an Alternate Paying Agent. Payments of interest made in respect of any fully registered Bond shall be by check or draft mailed to the registered owner at the address shown on the registration book. Payments of principal made in respect of any Bond which is fully registered or is registered as to principal shall be made to or upon the order of the registered owner or his legal representative upon presentation or surrender of such Bond at the office of the Paying Agent or an Alternate Paying Agent for cancellation and, if appropriate, exchange for a Bond in the principal amount equal to the balance of the principal amount of such Bond remaining unpaid. Payment of principal and interest shall be in any coin or currency of the United States of America which, upon the respective date of payment, is legal tender for the payment of public and private debts.

SECTION 203. The Bonds shall be executed on behalf of the County by the manual or facsimile signature of the Chairman of the County Board of Commissioners of Lexington County and shall have impressed, imprinted or otherwise reproduced thereon the seal of the County attested by the manual or facsimile signature of the Clerk of the County Board of Commissioners of Lexington County. The coupons attached to the coupon Bonds shall be executed by the facsimile signature of said Chairman and said Clerk. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of said Bonds and each of said coupons. 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 the 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. The Bonds shall be limited obligations of the County. The Bonds together with interest thereon, shall be payable from the "Bond Fund" as hereinafter set forth, and shall be a valid claim of the holders thereof only against such fund and the lease rentals, revenues and receipts required to be set apart and transferred to such fund and pledged thereto (but in addition shall be secured by a lien on and security interest in the Project), which lease rentals, revenues and receipts are hereby pledged and mortgaged for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, including any applicable redemption premiums, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds and interest coupons appertaining thereto shall never constitute an

indebtedness of the County within the meaning of any provision of the Constitution of the State of South Carolina or any 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.

SECTION 205. 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 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 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 (except coupons in default), appertaining thereto, and such cancelled coupons shall be cremated by the Trustee.

SECTION 206. 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 207. Upon the execution and delivery of this Indenture, the County shall execute and deliver the Bonds to the Trustee and the Trustee shall authenticate the Bonds and deliver them to the purchasers as may be directed by the County as hereinafter in this Section 207 provided. Upon payment to the Trustee of the accrued interest and proceeds of the sale of the Bonds, they shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon receipt by the Trustee of:

(a) a copy, certified by the Clerk of the County Board of Commissioners of the County, of the resolution adopted and approved by the said Board authorizing the execution and delivery of this Indenture and the Lease Agreement, and the issuance, execution and delivery of the Bonds;

(b) an original executed counterpart of the Lease Agreement;

(c) a written opinion by an attorney or firm of attorneys of recognized national standing on the subject of municipal bonds, to the effect that the issuance of the Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled; and

(d) a request and authorization to the Trustee on behalf of the County and signed by the Chairman of the County Board of Commissioners of the County to authenticate and deliver the Bonds in the aggregate principal amount therein stated to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the County of a specified sum plus accrued interest.

The accrued interest and the proceeds of the Bonds shall be disbursed and handled in accordance with Section 601.

SECTION 208. This Indenture is given in order to secure funds to pay for new construction and by reason thereof, it is intended that this Indenture shall be superior to any laborers', mechanics' or materialmen's liens which may be placed upon the Project subsequent to the recordation hereof.

SECTION 209. In case any Bond or interest coupon issued hereunder shall become mutilated or be destroyed, stolen or lost, the County shall, if not then prohibited by law, cause to be executed and the Trustee may authenticate and deliver a new Bond (with appropriate coupons attached in the case of coupon Bonds) of like tenor in exchange and in substitution for and upon cancellation of such mutilated Bond and its interest coupons, or in lieu of and in substitution for such Bond or its coupons destroyed, stolen or lost, upon the holder's or owner's paying the reasonable expenses and charges of the County and the Trustee in connec-

tion therewith, and, in case of a Bond or coupon destroyed, stolen or lost, his filing with the Trustee evidence satisfactory to it that such Bond or coupon was destroyed, stolen or lost, and of his ownership, thereof, and furnishing the County and Trustee with indemnity satisfactory to them. The Trustee is hereby authorized to authenticate any such new Bond. In the event any such Bonds or coupons shall have matured, instead of issuing a new Bond or coupon, the County may pay the same.

SECTION 210. Title to any coupon Bond, unless such Bond is registered in the manner hereinafter provided, and to any interest coupon shall pass by delivery in the same manner as a negotiable instrument payable to bearer. The County shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee as Bond registrar. At the option of the bearer, any coupon Bond may be registered as to principal only on such books, upon presentation thereof to the Bond registrar, which shall make notation of such registration thereon. Any coupon Bond registered as to principal may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond registrar, such transfer to be made on such books and endorsed on the coupon Bond by the Bond registrar. Such transfer may be to bearer and thereafter transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of any coupon Bond registered as to principal only, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative, as provided in Section 202 hereof, but the coupons appertaining to any Bond registered as to principal shall remain payable to bearer notwithstanding such registration. 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 fully registered Bond and any coupon 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 fully registered Bond or coupon 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 coupon Bond which shall not at the time be registered as to principal, and the bearer of any coupon appertaining to any coupon Bond, whether such coupon Bond be registered as to principal or not, as the absolute owner of such coupon Bond or coupon, as the case may be, whether such coupon 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 Trustee, the Bond registrar nor any Paying Agent shall be affected by any notice to the contrary.

SECTION 211. Coupon Bonds (whether or not registered as to principal), upon surrender thereof to the Trustee as Bond registrar with all unmatured coupons attached, may, at the option of the holder thereof, and upon payment by such holder of any charges which the County may make as herein below provided, be exchanged for an equal aggregate principal amount of fully registered Bonds of like tenor and of any authorized denomination. Fully registered Bonds, upon surrender thereof to the Bond registrar with a written instrument of transfer satisfactory to the Bond registrar, duly executed by the registered owner or by his duly authorized attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the County may make as provided herein below, be exchanged for an equal aggregate principal amount of coupon Bonds (which may be registered as to principal if requested) of like tenor with appropriate coupons attached, or of fully registered Bonds of like tenor and of any other authorized denominations.

Each fully registered Bond shall be transferable only by the registered owner thereof in person or by his attorney duly authorized in writing, upon presentation thereof at the principal office of the Trustee with the assignment thereon duly executed by the registered owner or his duly authorized attorney and thereupon the Trustee shall note the transfer upon the registration books kept by the Trustee as Bond registrar.

In all cases in which the privilege of exchanging the Bonds or transferring Bonds which are fully registered or registered as to principal is exercised, the County shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions hereof. The Bonds in changed form or denominations shall be exchanged for the surrendered Bonds in such manner that no over-lapping interest is paid, and such Bonds in changed form or denominations shall bear interest at the same rate or rates and mature on the same date or dates as the Bonds for which they are exchanged. All Bonds and coupons surrendered in any such exchanges and transfers shall forthwith be cancelled by the Bond registrar. For every such exchange or transfer of Bonds, the Bond registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Coupon Bonds shall be in \$5,000 denominations. Fully registered Bonds shall be in \$5,000 denominations or any multiple thereof.

Neither the County, the Trustee nor the Bond registrar shall be required (a) to register, transfer or exchange Bonds for a period of ten days next preceding an interest payment date or (b) to register, transfer or exchange any Bonds selected for redemption.

SECTION 212. All Bonds surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to and cancelled by the Trustee, and no Bonds shall be issued in lieu thereof except as required or permitted by any of the provisions of this Trust Indenture. The Trustee may cremate cancelled Bonds and upon doing so shall deliver a certificate of cremation to the County. If the County shall acquire any Bonds, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Bonds unless and until the same are delivered to the trustee for cancellation.

ARTICLE III

REDEMPTION OF BONDS

SECTION 301. The Bonds will not be subject to redemption prior to March 1, 1978 except (1) if title to all or substantially all of the Project is condemned as provided in Section 1301A of the Lease Agreement, (2) if the Project is not restored after major damage or destruction as provided in Section 1203 of the Lease Agreement, or (3) if the Lessee exercises an option to purchase the Project as provided in Section 1702 of the Lease Agreement, in the event of: (i) major damage or destruction to or the taking by condemnation of title to or the temporary use of all or substantially all of the Project, (ii) certain changes in the laws referred to in the Lease Agreement, or (iii) legal curtailment of Lessee's use and occupancy of the Project to the extent provided in the Lease Agreement. In such case, the Bonds shall be callable at any time, in whole, at a price of the principal amount thereof plus accrued interest to the redemption date.

The Bonds will also be subject to redemption prior to maturity (by lot) pursuant to the terms of the Sinking Fund provided for in the Indenture, on March 1, 1970 and on each March 1 thereafter, to and including March 1, 1987 in multiples of \$5,000, at a price of the principal amount thereof plus accrued interest to the redemption date.

The Bonds will also be subject to redemption prior to maturity from funds from any source, other than the Sinking Fund, on or after March 1, 1978 in whole at any time, or in part by lot on any interest payment date, in multiples of \$5,000, at a price of the principal amount plus accrued interest to the redemption date and plus a redemption premium (expressed as a percentage of principal amount) as follows:

| <u>From</u> | <u>To and Including</u> | <u>Redemption Premium</u> |
|--|-------------------------|---------------------------|
| March 1, 1978 | March 1, 1981 | 2% |
| March 2, 1981 | March 1, 1984 | 1% |
| March 2, 1984 and thereafter without premium | | |

If less than all of the Bonds shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds

of \$5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$5,000. If there shall be drawn for redemption less than all of a Bond, the County shall execute and the Trustee shall authenticate and the Paying Agency deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the owner thereof, either coupon Bonds or registered Bonds in any of the authorized denominations.

If the Trustee shall hold in the Bond Fund funds available and sufficient therefor (other than funds deposited pursuant to Section 302 hereof to meet Sinking Fund requirements and funds deposited and available thereunder for purchases of Bonds), Bonds shall be called for redemption by the Trustee as herein provided upon receipt by the Trustee, at least forty-five days prior to the redemption date, or such shorter time as is acceptable to the Trustee, of a resolution of the County providing for such redemption.

SECTION 302. As and for a Sinking Fund for the retirement of the Bonds, the County shall cause to be deposited in the Bond Fund at least five days prior to March 1, 1970 and at least five days prior to each March 1 thereafter to and including March 1, 1987 out of basic rental payments under the Lease Agreement an amount (subject to credits as provided below) sufficient to redeem at the sinking fund redemption price specified in Section 301 (or pay at maturity) the following principal amounts of such Bonds on the dates specified:

| <u>March 1</u> | <u>Principal Amount</u> | <u>March 1</u> | <u>Principal Amount</u> |
|----------------|-------------------------|----------------|-------------------------|
| 1970 | \$ 65,000 | 1980 | \$115,000 |
| 1971 | 70,000 | 1981 | 125,000 |
| 1972 | 75,000 | 1982 | 130,000 |
| 1973 | 80,000 | 1983 | 140,000 |
| 1974 | 80,000 | 1984 | 150,000 |
| 1975 | 85,000 | 1985 | 155,000 |
| 1976 | 90,000 | 1986 | 165,000 |
| 1977 | 100,000 | 1987 | 175,000 |
| 1978 | 105,000 | 1988 | 185,000 |
| 1979 | 110,000 | | |

The Trustee shall call in the manner provided in Section 303 such Bonds for redemption on each such March 1 (other than March 1, 1988), in a principal amount equal to such sinking fund payment (after credits as provided below) without the necessity of any action by the County and whether or not the Trustee shall then hold in the Bond Fund moneys available for and sufficient to effect the required redemption.

At its option, to be exercised prior to the forty-fifth day next preceding any such sinking fund redemption date, or such shorter time as is acceptable to the Trustee, the Lessee may cause to be paid to the Trustee for deposit in the Bond Fund, as a pre-payment of rentals, such amount of funds as the Lessee may determine, with written instructions to the Trustee, signed in the name of the Lessee by an officer thereof, to apply such funds prior to said forty-fifth day (or such shorter time) to the purchase of Bonds. The County shall on or before said forty-fifth day cause the Lessee to furnish the Trustee with a certificate indicating whether or not and to what extent the next ensuing sinking fund payment has been or will be reduced by credits as herein-after provided as the result of bond purchases from pre-payments of rentals. The Trustee shall thereupon use all reasonable efforts to expend such moneys as nearly as may be practicable in the purchase of such bonds, with all unmatured coupons attached, at not exceeding the principal amount thereof plus accrued interest to such sinking fund redemption date. The Bonds to be purchased shall be selected by the Trustee. Bonds so purchased shall be cancelled by the Trustee as provided in Section 305 hereof. Bonds so purchased shall thereafter be credited, at their principal amount, until the full amount thereof has been so credited, against the next ensuing and future sinking fund payments in chronological order to the extent otherwise payable out of rentals thereafter becoming due under the Lease Agreement. Any such funds not so expended by the Trustee for the purchase of Bonds prior to said forty-fifth day (or such shorter time) shall be retained in the Bond Fund, shall not thereafter be used for the purchase of Bonds and shall be applied as herein otherwise provided for moneys in the Bond Fund. In connection with such purchases of Bonds in satisfaction of Sinking Fund payments as herein provided, the Trustee shall negotiate or arrange for such purchasers in such manner (through brokers or otherwise, and with or without receiving tenders) as it shall in its absolute discretion determine.

SECTION 303. In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed shall be given by publication at least once in a financial journal of general circulation published in the City of New York, State of New York, not less than thirty nor more than sixty days prior to the redemption date, and in case of the redemption of fully registered Bonds or portions thereof or Bonds at the time registered as to principal only, 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 fully registered or registered as to principal only, 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 shall cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the 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 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. Each notice shall specify the numbers of the Bonds being called, if less than all of the Bonds are being called, the redemption date, the place or places where amounts due upon such redemption will be payable, and in the case of registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that payment of the applicable redemption price plus accrued interest to the date fixed for redemption will be made upon presentation and surrender of the Bonds.

SECTION 304. Anything in this Indenture to the contrary notwithstanding, in the event of a purchase of the Project by the Lessee and the payment of the purchase price therefor pursuant to Article XVII of the Lease Agreement, all the Bonds shall be called for redemption by the Trustee in the manner provided in this Article, without any instructions or further act of the County or the Lessee, and notice of such redemption shall be given within 10 days following the date of payment of such purchase price for the Project.

SECTION 305. All Bonds which have been redeemed shall be cancelled by the Trustee together with the unmatured coupons appertaining thereto and shall be cremated by the Trustee.

SECTION 306. All unpaid interest coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date of redemption shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons.

ARTICLE IV

GENERAL COVENANTS

SECTION 401. Each and every covenant herein made, including all covenants made by the various sections of this Article IV, is predicated upon the condition that any obligation for the payment of money incurred by the County shall not create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers, but shall be payable solely from the lease rentals, revenues and receipts derived from or in connection with the Project, including all moneys received under the Lease Agreement, which are required to be set apart and transferred to the Bond Fund, which lease rentals, revenues and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds or coupons or in this Indenture shall be considered as pledging any other funds or assets of the County.

SECTION 402. The County covenants that it will promptly pay the principal of, including any applicable redemption premiums, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds, and in the coupons appertaining thereto according to the true intent and meaning thereof.

SECTION 403. 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, including particularly and without limitation the Act, 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 are and will be valid and enforceable obligations of the County according to the import thereof.

SECTION 404. 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 heretofore made by this Section 404. 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 or create a charge or lien on any part of the Project, or its interest therein or lien thereon, or the lease rentals, revenues and receipts therefrom or of its rights under the Lease Agreement.

SECTION 405. This Indenture and all indentures supplemental thereto shall be recorded and indexed as a mortgage of real property in the office of the Clerk of Court for Lexington County, 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 Indenture in the personal property and fixtures which are to be part of the Project, and in the other property, rights and interests herein described, shall be perfected by the filing in the office of the Secretary of State of South Carolina in the City of Columbia, South Carolina, and in the office of the Clerk of Court for Lexington County, of financing statements which fully comply with the South Carolina Uniform Commercial Code—Secured Transactions. Such financing or continuation statements as in the opinion of counsel satisfactory to Trustee (who may be counsel to the County or to the Lessee) become necessary to preserve the lien of this Indenture shall be filed in said office of the Secretary of State of South Carolina, and in the office of the Clerk of Court for Lexington County. The County will, within ten (10) days after any such filing, recording or other act, furnish the Trustee with an opinion of such counsel as to the adequacy and reciting the details of such filing, recording or other act and specifying any re-recording or re-filing to be effected in the future with respect to the Lease and Agreement, or the Indenture.

On or before January 1, 1969 and on or before each January 1 thereafter the County will deliver to the Trustee an opinion of such counsel, addressed to the Trustee, stating that all appropriate steps on the part of

the County, the Lessee, and the Trustee then requisite to the perfection of the respective security interests of the Trustee and the holders from time to time of the Bonds in and to all property (whether real, personal or mixed) which by the terms hereof is to be subjected to the lien of the Indenture have been taken; and stating that no filing or recording and no re-filing or re-recording of any instrument is necessary during the annual period immediately succeeding the date of such opinion in order to comply with this Section, or if such filing or recording or re-filing or re-recording is necessary, setting forth the requirements with respect thereto.

SECTION 406. The County covenants that it will promptly cause to be paid all lawful taxes, charges, assessments, imposts and governmental charges at any time levied or assessed upon or against the Project, or any part thereof, which might impair or prejudice the lien and pledge created by this Indenture; provided, however, that nothing contained in this Section shall require the County to cause to be paid any such taxes, assessments, imposts or charges so long as the validity thereof is being contested in good faith and by appropriate legal proceedings, and provided further, that such delay in payment shall not subject the Project or any part thereof to forfeiture or sale.

SECTION 407. The County covenants that it will at all times cause the Project to be maintained, preserved and kept in good condition, repair and working order, and that it will from time to time cause to be made all needed repairs so that the operation and business pertaining to the Project shall at all times be conducted properly and so that the Project shall be fully maintained. It is understood that the County has made provisions in the Lease Agreement for such maintenance, pursuant to the terms of which the Lessee is obligated to maintain the Project as set forth in the Lease Agreement, and so long as the Lease Agreement is in force and effect the County shall be deemed to be in compliance with its obligations under this Section 407.

SECTION 408. The County covenants that so long as any Bonds issued hereunder and secured by this Indenture shall be outstanding and unpaid, the County will keep or cause to be kept, proper books of record and account, in which full, true and correct entries will be made of all dealings or transactions of and in relation to the Project and the revenues derived from the Project. When requested by the Trustee, the County agrees to have the said books of record and account audited by an independent Certified Public Accountant selected by the County and satisfactory to the Trustee. The audit report shall contain at least the following information:

- (a) All revenues derived from the Project and all expenses incurred by the County in connection with the Project;
- (b) All payments, deposits and credits to and any payments, transfers and withdrawals from the funds created under the provisions of this Indenture;
- (c) The details pertaining to Bonds issued, paid, and redeemed; and
- (d) The amounts on hand in each fund showing the respective amounts to the credit of each fund and any security held therefor and showing the details of any investments thereof.

The County further covenants that all books and documents relating to the Project and the revenues derived from the Project shall at all times be open to the inspection of such accountants or other agencies as the Trustee may from time to time designate. In this regard, so long as the Lease Agreement is in force and effect, records furnished by the Lessor and Lessee to, or kept by, the Trustee in connection with its duties as such shall be deemed to be in compliance with the County's and the Trustee's obligations under this Section 408.

SECTION 409. To the extent that such information shall be made known to the County under the terms of Section 210 and this Section 409, it will keep on file at the office of the Trustee a list of names and ad-

dresses 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. Neither the County nor the Trustee shall be under any 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 holders and/or owners (or a designated representative thereof) of ten per cent (10%) or more in principal amount of Bonds outstanding hereunder, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

SECTION 410. It is understood and agreed that the Project has been leased to Allis-Chalmers under a Lease and Agreement wherein the County is Lessor and Allis-Chalmers is Lessee (called the "Lease" or "Lease Agreement"). The Lease Agreement is recorded in the office of Clerk of Court for Lexington County, and an executed copy is on file in the office of the County Supervisor of the County and in the office of the Trustee. Reference is hereby made to the Lease Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. The lien of this Indenture is subject and subordinate to the Lease Agreement. The County agrees to enforce all covenants and obligations of the Lessee under the Lease Agreement and agrees that the Trustee, in its own name or in the name of the County, may and is hereby granted the right to enforce all rights of the Lessor and all obligations of the Lessee under and pursuant to the Lease Agreement, whether or not the Lessor is in default in its covenant to enforce such rights and obligations.

SECTION 411. The County covenants that at all times while any Bonds are outstanding, it will keep or cause to be kept the Project insured as follows:

(i) Against the perils of fire and the hazards ordinarily included under standard extended coverage endorsements in amounts necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than the lesser of 80% of the full insurable value thereof within the terms of applicable policies or an amount equal to the principal amount of Bonds outstanding from time to time.

(ii) Against war risk as and when a state of war or national or public emergency exists and such insurance is obtainable from a department or agency of the United States Government, upon reasonable terms, in the full amount necessary to prevent the application of the co-insurance provisions of the applicable policies but not less than 80% of the then full insurable value, or, if such amounts be not obtainable, then in the highest amount which can be so obtained.

(iii) If there are boilers or pressure vessels, from boiler or pressure vessel explosion in an amount customarily carried in the case of similar industrial operations.

The Trustee shall be named as a party insured pursuant to a standard mortgagee clause as its interest may appear. It is understood that the County has made provisions in the Lease Agreement for such insurance, pursuant to the terms of which the Lessee is obligated to keep the property insured as set forth in the Lease Agreement, and so long as the Lease Agreement is in force and effect, the County shall be deemed to be in compliance with its obligations under this Section 411.

The Trustee is entitled to rely upon the copies or certificates of the insurance provided for in Section 301D of the Lease and Agreement evidencing compliance with the requirements of this Section 411 and shall have no duty to examine the actual policies of insurance required by the terms of the Lease and Agreement either as to coverage or to value insured, or have any other duty in connection with such insurance. If there are no boilers or pressure vessels, the County shall so notify the Trustee in writing, and the Trustee shall be entitled to rely upon said notification until notified in writing to the contrary by the County.

ARTICLE V

REVENUES AND FUNDS

SECTION 501. There is hereby created and ordered to be established with the Trustee a trust fund of and in the name of the County to be designated "Lexington County, South Carolina, 1968 Industrial Revenue Bond Fund—Allis-Chalmers Project" (herein sometimes referred to as the "Bond Fund").

SECTION 502. There shall be deposited into the Bond Fund out of total sale proceeds (as defined in Section 601) the portion specified in Section 601(a) hereof. In addition, there shall be deposited in the Bond Fund as and when received:

- (a) The amount remaining in the Construction Fund (hereinafter created) after all costs and expenses of and in connection with the Project have been paid or adequately provided for;
- (b) All basic rent payments specified in Section 203 of the Lease Agreement;
- (c) The proceeds received by the Trustee from the foreclosure of this Indenture pursuant to Section 1004 hereof; and
- (d) All other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement directing such moneys to be paid into the Bond Fund.

Furthermore, the County covenants and agrees that so long as any of the Bonds secured by this Indenture are outstanding, it will at all times deposit, or cause to be deposited, in the Bond Fund sufficient moneys from the lease rentals, revenues and receipts derived from or in connection with the Project (whether or not under and pursuant to the Lease Agreement) to promptly meet and pay the principal of, including any applicable redemption premiums, and interest 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 secured by this Indenture are outstanding, it will cause the Project to be continuously and efficiently operated 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 leased premises is returned to the County, the County will fully cooperate with the Trustee and with the holders and registered owners of the Bonds, to the end of fully protecting the rights and security of the holders and registered owners of the Bonds, and the County shall diligently proceed in good faith and use its best efforts to secure another tenant for the leased premises to the end of at all times deriving sufficient revenues and income from the Project to promptly meet and pay the principal of, including any applicable redemption premiums, and interest on the Bonds as the same become due and payable. Nothing herein shall be construed as requiring the County to use any funds or revenues from any source other than funds and revenues derived from the Project for the payment of the principal of, including any applicable redemption premiums, and interest on the Bonds and discharging other obligations of the County under this Trust Indenture, but nothing herein shall be construed as prohibiting the County from doing so if permitted by law.

SECTION 503. Except as provided in Section 508 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of, interest on, and redemption premiums, if any; provided, however, that such provision shall not be construed as prohibiting a refund to the Lessee under the Lease Agreement of excess amounts, if any, in accordance with the provisions of the Lease Agreement, including Sections 203, 1203 and 1301 thereof.

SECTION 504. The Bond Fund shall be designated as set forth in Section 501, and the County hereby irrevocably authorizes and directs the Trustee to withdraw from the Bond Fund sufficient moneys to make the principal, including any applicable redemption premiums and interest payments on the Bonds as and when the same become due and to make such funds available to the Trustee and Paying Agents for the purpose of such payments.

SECTION 505. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, or in the event any coupon shall not be presented for payment at the due date thereof, if there shall have been deposited with the Trustee or any Paying Agent for the purpose, or left in trust if previously so deposited, funds sufficient to pay the principal thereof together with any redemption premium and all interest unpaid and due thereon, to the date of maturity thereof, or to the date fixed for redemption thereof, or to pay such coupon, as the case may be, for the benefit of the holder thereof or the holder of such coupon, all liability of the County to the holder thereof for the payment of the principal thereof and any redemption premium and interest thereon, or the holder of said overdue coupon for the payment thereof, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee or Paying Agent to hold such fund or funds, without liability for interest thereon, for the benefit of the holder of such Bond, or the holder 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 506. It is understood and agreed that pursuant to the provisions of Paragraphs (1) and (3) of Section 203 (b) of the Lease Agreement, the Lessee has agreed to pay as additional rent the fees, expenses and charges of the Trustee and the Paying Agent as authorized and provided by this Indenture and certain other payments. The Lessee is to make payments of the fees, expenses and charges of the Trustee and the Paying Agents on statements rendered by them. All such additional rent payments under the Lease Agreement which are received by the Trustee shall not be paid into the Bond Fund, but shall be set up in separate accounts appropriately designated to identify the particular account and shall be expended solely for the purpose for which such payments are received, and the Trustee hereby agrees to so establish said accounts and to make payment therefrom for said purposes.

SECTION 507. All moneys required to be deposited with or paid to the Trustee 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 which redemption has been duly given (which shall be held in trust solely for the Bonds so called for redemption) shall, while held by the Trustee, constitute part of the trust estate and be subject to the lien and pledge hereof. Any moneys received by or paid to the Trustee pursuant to any provision of the Lease Agreement calling for the Trustee to hold, administer and disburse the same in accordance with the specific provisions of the Lease Agreement, including Sections 1201 and 1301 thereof, shall be held, administered and disbursed pursuant to said provisions, and where required by the provisions of the Lease Agreement the Trustee shall set the same aside in a separate account. The County agrees that if it shall receive any moneys pursuant to applicable provisions of the Lease Agreement, it will forthwith upon receipt thereof pay the same over to the Trustee to be held, administered and disbursed by the Trustee in accordance with the provisions of the Lease Agreement pursuant to which the County may have received the same. Furthermore, if for any reason the Lease Agreement ceases to be in force and effect while any Bonds are outstanding, the County agrees that if it shall receive any moneys derived from the Project, it will forthwith upon receipt thereof pay the same over to the Trustee to be held, administered and disbursed by the Trustee in accordance with provisions of the Lease Agreement that would be applicable if the Lease Agreement were then in force and effect, and if there be no such provisions which would be so applicable, then the Trustee shall hold, administer and disburse such moneys solely for the discharge of the County's obligations under this Indenture.

SECTION 508. Anything herein to the contrary notwithstanding, the Trustee is authorized and directed to refund to the Lessee under the Lease Agreement all excess amounts as specified in the Lease Agreement, whether such excess amounts be in the Bond Fund or in special accounts, provided there is no default under the Indenture or the Lease Agreement.

ARTICLE VI

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 601. Accrued interest and the proceeds of the sale of the Bonds (herein called "total sale proceeds") shall be disbursed and handled as follows:

(a) The Trustee shall take out of the total sale proceeds an amount equal to interest on the Bonds accrued and accruing to March 1, 1969, and shall deposit said amount into the Bond Fund; and

(b) The balance of the total sale proceeds shall be deposited in a special account of the County with the Trustee, which account shall be designated "Industrial Revenue Bond Construction Fund—1968 Allis-Chalmers Project" (herein called "Construction Fund").

SECTION 602. Moneys in the Construction Fund shall be expended solely for the payment of Project costs and costs and expenses incidental thereto and to the issuance of the Bonds, under and pursuant to applicable provisions of the Lease Agreement including Section 103 thereof. Such expenditures shall be in accordance with and pursuant to requisitions which shall be signed by the Project Supervisor designated pursuant to Section 101 of the Lease Agreement and a copy of such designation shall be filed with the Trustee. Each requisition shall specify:

- (1) The name of the person, firm or corporation to whom payment is to be made;
- (2) The amount of the payment;
- (3) That the disbursement is for a proper expense of or pertaining to the Project;
- (4) The general classification of the expenditure; and
- (5) That none of the items for which the payment thereof is proposed to be made has formed the basis for any payment theretofore made from the Construction Fund.

The Trustee shall keep records concerning and reflecting all disbursements from the Construction Fund and shall file an accounting of disbursements if and when requested by the County or by the Lessee. The Trustee shall make payment from the Construction Fund pursuant to and in accordance with said requisitions.

SECTION 603. Whenever the County and the Lessee by their duly designated representatives jointly notify the Trustee in writing (which may be by the same writing or in different writings) that any balance remaining in the Construction Fund will not be needed for completion of the Project, or in the event of the purchase of the Project by the Lessee pursuant to Article XVII of the Lease Agreement prior to its completion, the Trustee shall transfer the balance remaining in the Construction Fund to the Bond Fund.

ARTICLE VII

INVESTMENTS

SECTION 701. (a) Moneys held for the credit of the Construction Fund shall, upon direction by a duly designated representative of the Lessee, be invested and reinvested by the Trustee in any of the following securities, if and to the extent such securities are at the time legal for investment of such funds:

- (1) Direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America;
- (2) Federal National Mortgage Association obligations;
- (3) Federal Intermediate Credit Banks obligations;
- (4) Federal Banks for Co-operatives obligations;
- (5) Federal Land Banks obligations;
- (6) Federal Home Loan Banks obligations;
- (7) Bank Certificates of Deposit (including those issued by the Trustee) which are secured by direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America;

which obligations must have maturity dates, or be subject to redemption by the holder at the option of the holder, on or prior to the dates the moneys so invested will be needed as reflected by a statement of a duly designated representative of the Lessee, which statement must be on file with the Trustee prior to any investment.

(b) Any moneys in the Bond Fund and moneys in any other fund except the Construction Fund shall to the extent practicable be invested and reinvested in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America or Bank Certificates of Deposit (including those issued by the Trustee) which are secured by direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature, or which shall be subject to redemption by the holder thereof at the option of the holder, not later than the date or dates on which the moneys held for the credit of the particular fund shall be required for the purposes intended. The Trustee shall so invest and reinvest any such securities pursuant to instructions from a duly designated representative of the Lessee, only if and to the extent that such securities are at the time legal for investment of such funds.

(c) Obligations so purchased as an investment of moneys in any such fund shall be deemed at all times a part of such fund, and the interest accruing thereon and any profit realized from such investment shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund.

(d) Any bank issuing any Certificate of Deposit required to be secured as provided above shall furnish the Trustee with an undertaking satisfactory to the Trustee that the aggregate market value of all such obligations securing each such Certificate of Deposit will at all times be an amount at least equal to the principal amount of each such Certificate of Deposit. The Trustee shall be entitled to rely on each such undertaking.

(e) The Trustee shall sell and reduce to cash funds a sufficient amount of such investments whenever the cash balance in any fund is insufficient for the purpose of such fund. The Trustee may make any and all investments permitted by the provisions of this Article VII through its own Bond Department.

ARTICLE VIII

PRIORITY OF LEASE; RELEASE PROVISIONS

SECTION 801. 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 Project and appurtenances so as to carry out its obligations under the Lease Agreement.

SECTION 802. Reference is made to the provisions of the Lease Agreement, including without limitation Sections 2101 and 2102 thereof, whereby the County and the Lessee have agreed to the withdrawal of certain portions of the lands (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 lands upon compliance with the provisions of the Lease Agreement.

SECTION 803. Reference is made to the provisions of the Lease Agreement, including without limitation Sections 2201 and 2202 thereof, whereby the Lessee may withdraw certain items of Lessor's machinery and 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 machinery and equipment is no longer included in the Lease Agreement or subject to the lien of this Indenture upon compliance with the provisions of the Lease Agreement and shall release said machinery and equipment from the lien of this Indenture.

SECTION 804. Reference is made to the provisions of the Lease Agreement, including without limitation Section 2105 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 2105 thereof upon compliance with the provisions of the Lease Agreement.

ARTICLE IX

DISCHARGE OF LIEN

SECTION 901. If the County shall pay or cause to be paid to the Trustee the full amount of the principal and interest and any redemption premium to become due on the Bonds and coupons at the times and in the manner stipulated therein, and shall make provision for paying all other sums payable hereunder, 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 1902 of the Lease Agreement, then the pledge of the lease rentals, revenues and receipts derived from or in connection with the Project made under this Indenture and the estate and rights hereby granted shall cease, terminate and become 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 reconvey 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 cash or investments held by it for the payment of the principal of and any redemption premium and interest on the Bonds.

All outstanding Bonds and coupons shall be deemed to be paid within the meaning of this Section if sufficient moneys (or investments of the type authorized by Section 701 (b) hereof, the principal of and the interest on which, when due, together with any other amounts available in the Bond Fund, will provide such sufficient moneys) to pay, when due, the principal and interest and any redemption premium on said Bonds and coupons to and including the redemption date or maturity date thereof, as the case may be, shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds); provided, however, that if such Bonds are to be redeemed prior to the maturity thereof otherwise than pursuant to Section 303 hereof, notice of such redemption shall have been duly given or irrevocable instructions to call such Bonds for redemption shall have been given by the County to the Trustee.

ARTICLE X

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 1001. If any of the following events occur, subject to the provisions of Section 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 hereby secured and outstanding;

(b) Default in the due and punctual payment of any moneys required to be paid to the Trustee under the provisions of Article V hereof and the continuance thereof for a period of ten (10) days;

(c) Default in the due and punctual payment of the principal or redemption premiums, if any, on any Bond hereby secured and outstanding, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(d) 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, and the continuance thereof for a period of sixty (60) days after written notice to the County by the Trustee or to the County and the Trustee by the holders of not less than ten per cent (10%) in aggregate principal amount of Bonds outstanding hereunder.

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 outstanding hereunder, exclusive of any period of grace required to constitute a default an "event of default" as hereinabove provided.

SECTION 1002. Upon the occurrence of an event of default, the Trustee may, and upon the written request of the holders of twenty-five per cent (25%) in aggregate principal amount of Bonds outstanding hereunder, shall, by notice in writing delivered to the County, declare the principal of all Bonds hereby secured 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. Upon the occurrence of an event of default, the County, upon demand of the Trustee, shall forthwith surrender to it the actual 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 Project with the books, papers and accounts of the County pertaining thereto 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, with or without such possession, may collect, receive and sequester the tolls, 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 repairs and improvements, and apply the remainder of the moneys so received by the Trustee in accordance with the provisions of Section 1008 hereof. Whenever all that is due upon the Bonds and installments of interest under the terms of this Indenture shall have been paid and all defaults made good, the Trustee shall surrender possession to the County, its successors or assigns; 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 Bondholders, at their registered addresses and the addresses as set forth in the list required by Section 409 hereof, a summarized statement of income and expenditures in connection therewith.

SECTION 1004. Upon the occurrence of an event of default the lien on the Project created and vested by this Indenture may be foreclosed by the Trustee 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 specific 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 Project of a receiver for all or any part of the Project 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.

If an event of default shall have occurred, and if it shall have been requested so to do by the holders of twenty-five per cent (25%) in aggregate principal amount of Bonds outstanding hereunder and shall have been indemnified as provided in Section 1101 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred upon it by this Section and by Section 1003 as the Trustee 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 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. Anything in this Indenture to the contrary notwithstanding the holders of a majority in aggregate principal amount of Bonds outstanding hereunder shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the 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 proceeding hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

SECTION 1006. 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 under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Project 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. In case of an event of default on its part, as aforesaid, to the extent that such rights may then lawfully be waived, neither the County nor anyone claiming through it or under it shall or will set up, claim, or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture, but 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 appraisalment and redemption to which it may be entitled under the laws of the State of South Carolina.

SECTION 1008. After the occurrence of an event of default, any available moneys shall be applied by the Trustee 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, 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;

SECOND: To the payment to the persons entitled thereto of the unpaid principal, including any applicable redemption premiums, of any of the Bonds which shall have become due (including Bonds called for redemption except such Bonds for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest at the rate borne by the Bonds 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 of privilege; and

THIRD: To the payment of the interest on and the principal of the Bonds, and to the redemption of Bonds, all in accordance with the provisions of Article V of this Indenture.

(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 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 by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as it 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 holder of any unpaid coupon or 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.

SECTION 1009. All rights of action (including the right to file proof of claim) 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 proceeding 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 hereby secured, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds and coupons.

SECTION 1010. No holder of any Bond or coupons 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 hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in sub-section (g) of Section 1101, or of which by said sub-section it is deemed to have notice, nor unless such default shall have become an event of default and the holders of twenty-five per cent (25%) in aggregate principal amount of Bonds outstanding hereunder shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinabove 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 own name; and such notification, request and offer of indemnity are hereby declared in every such 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 of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by 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 outstanding hereunder. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal

of, including any applicable redemption premiums and interests on any Bond at and after the maturity thereof, or the obligation of the County to pay the principal of, including any applicable redemption premiums, and interest on each of the Bonds issued hereunder to the respective holders thereof at the time and place in said Bonds and the appurtenant coupons expressed.

SECTION 1011. 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 to the Trustee, 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 property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 1012. The Trustee shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal upon the written request of the holders of fifty per cent (50%) principal amount of the Bonds then outstanding in respect of which such default exists; provided, however, that there shall not be waived without the consent of the holder of each Bond so affected (a) any event of default in the payment of the principal of such Bond at the date of maturity specified therein or (b) any default in the payment when due of the interest on such Bond unless, prior to such waiver or rescission, all arrears of interest on all such Bonds with interest (to the extent permitted by law) at the rates borne by such Bonds on overdue installments of interest in respect of which such default shall have occurred, or all arrears of payments of principal when due on all such Bonds, 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, then and in every such case the County, the Lessee, the Trustee and the Bondholders 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. Anything herein to the contrary notwithstanding, no default (other than a default under Section 1001 (a) and (c) hereof, to which this Section 1013 shall not be applicable) shall constitute an event of default until actual notice of such default by registered or certified mail (with or without return receipt requested) shall be given to the Lessee under the Lease Agreement, and the Lessee under the Lease Agreement shall have had sixty (60) days after receipt of such notice to correct said default or cause said default to be corrected, and the Lessee under the Lease Agreement shall not have corrected said default or caused said default to be corrected within said sixty (60) days period; provided, however, if said default be such that it cannot be corrected within sixty (60) days, it shall not constitute an event of default if corrective action is instituted within said sixty (60) days 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 Lease Agreement under the provisions of this Section 1013, the County names and appoints the Lessee under the Lease Agreement as its attorney in fact and agent with full authority to perform any covenant or obligation of the County alleged in said notice to constitute a default in the name and stead of the County with full power to do any such 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 this regard, it is agreed that the parties hereto have familiarized themselves with the terms and provisions of the Lease Agreement.

In the event that the Trustee fails to receive, at least 3 days prior to any semi-annual interest payment date, the rental payable by the Lessee under Section 203 (a) 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 specifying such failure.

SECTION 1014. In making the computation of the required percentage of principal amount of Bonds outstanding for taking, requesting or directing any action under any provision of this Indenture, there shall be excluded all Bonds held or owned by the County or by the Lessee or any corporation, public or private, with

which either of said parties is affiliated, and the County, the Lessee and such affiliates shall not be entitled with respect to said Bonds to take, request or direct any such action.

SECTION 1015. The rights and remedies provided in favor of the Trustee and the holders of the Bonds by the provisions of this Indenture are in each case subject to the proviso that each and every such right and remedy shall be and may be exercised only subject and subordinate to the rights of said Lessee under the Lease Agreement.

ARTICLE XI

THE TRUSTEE

SECTION 1101. 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 expressed terms and conditions (and no covenants or obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of the trusts or powers hereof and perform any duties required of it by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and its duties hereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from an action or non-action in accordance with any such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on such Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or for insuring the Project or collecting any insurance moneys, or for the validity of the execution by the County of this Indenture or of any supplemental indentures or instrument of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured by, or for the value or the title of the Project 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 constituting the Project 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 hereinafter set forth; but the Trustee may require of the County full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of the Project. Except as otherwise provided in Section 1003 hereof, the Trustee shall have no obligation to perform any of the duties of the County as lessor under the Lease Agreement; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VII hereof.

(c) 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 by it 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 secured hereby, shall be conclusive and binding upon all future owners of the same Bond and upon 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 of the County

signed by the Chairman of the County Board of Commissioners of Lexington County, and attested by the Clerk of the County Board of Commissioners of said County as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which it has been notified as provided in subsection (g) of this Section 1101, or of which by said subsection it is deemed to have notice, and 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 at the reasonable expense of the County, in every case secure such further evidence as it may think necessary or advisable but shall in no case be bound to secure the same. The Trustee may accept a certificate of said County Board under the seal of the County 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 of the Trustee, and the Trustee shall be answerable only for its own 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 make or 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 ten per cent (10%) in aggregate principal amount of Bonds outstanding hereunder and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered to the 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 Project 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.

(j) The Trustee shall not be required to give any bond or surety in respect of 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, certificate, 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 withdrawals of any cash, the release of any property, or the taking of any other action by the Trustee.

(l) Before taking action hereunder, upon request or direction by Bondholders, the Trustee may require that it be furnished an indemnity bond satisfactory to it for the reimbursement to it 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 the negligence or willful default of the Trustee, by reason of any action so taken by the Trustee.

(m) Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except as may be agreed upon.

SECTION 1102. The Trustee shall be entitled to such compensation for its services rendered hereunder as shall be agreed to by the County and the Trustee and approved by the duly authorized representative of the

Lessee, or, in the absence of such agreement and approval, reasonable compensation therefor, and shall be entitled to reimbursement for all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in and about the execution of the trusts created by this Indenture and in and about the exercise and performance by the Trustee of the powers and duties of the Trustee hereunder, and for all reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). The County has made provision in the Lease Agreement for the payment of said reasonable and necessary advances, fees, costs and expenses and reference is hereby made to said Lease Agreement for the provisions so made. In this regard, it is understood that the County pledges no funds or revenues other than those provided for in said Lease Agreement and pledged hereunder and the revenues derived from the avails of the property mortgaged hereunder to the payment of any obligation of the County set forth in this Indenture, including the obligations set forth in this Section 1102. Upon default by the County, but only upon default, pursuant to the provisions of this Indenture pertaining to default, the Trustee shall have a lien, with right of payment prior to payment on account of principal or interest or redemption premium of any Bond issued hereunder, upon the Project for said reasonable and necessary advances, fees, costs and expenses incurred by the Trustee.

SECTION 1103. If a default occurs of which the Trustee is by sub-section (g) of Section 1101 hereof required to take notice or if notice of default be given it as in said sub-section (g) provided, then the Trustee shall give written notice thereof (a) by first class mail to the last known owners of all Bonds outstanding hereunder shown by the list of Bondholders required by the terms of Section 409 hereof to be kept at the office of the Trustee, (b) by first class mail to all owners of Bonds registered as to principal and of fully registered Bonds, and (c) by publication one time in a newspaper or financial journal published in the City of New York, New York.

SECTION 1104. 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 Bonds issued hereunder, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least ten per cent (10%) of the aggregate principal amount of Bonds outstanding hereunder, provided that the Trustee shall first have been offered such reasonable indemnity as it may require against the costs, expenses and liabilities which it may incur in or by reason of such proceeding. The rights and obligations of the Trustee under this Section 1104 are subject to the approval of the court having jurisdiction in the premises.

SECTION 1105. 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 instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 1106. The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving thirty (30) days' written notice to the County and to all Bondholders as in Section 1202 provided and such resignation shall take effect at the end of such thirty (30) days, or upon the earlier appointment of a successor trustee by the Bondholders or by the County. Such notice may be served personally or sent by first class mail.

SECTION 1107. 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 Bonds outstanding hereunder.

SECTION 1108. 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 outstanding hereunder, 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 of Commissioners of Lexington County and attested by the Clerk of the County Board of Commissioners of said County 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 temporary trustee so appointed by the County shall be a trust company or bank in good standing, having capital and surplus of not less than Fifty Million Dollars (\$50,000,000), if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

SECTION 1109. 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 trustee, execute and deliver an instrument transferring to such successor 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 estates, properties, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, 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, at the expense of the County, be forthwith filed and/or recorded by the successor trustee in each recording office where the indenture shall have been filed and/or recorded.

SECTION 1110. In case any tax, assessment or governmental or other charge upon any part of the Project is not paid as required herein, the Trustee may pay such tax, assessment or governmental 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 6% 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 proceeds of revenues collected from the Project, 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 ten per cent (10%) of the aggregate principal amount of Bonds outstanding hereunder and shall have been provided with adequate funds for the purpose of such payment.

SECTION 1111. 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. 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. There shall be paid the standard and customary Paying Agent's fees and charges of each Paying Agent for handling the payment of the principal of, any redemption premium and interest on the

Bonds, and funds sufficient to pay the same shall be deposited with each Paying Agent prior to the dates on which payments are required to be made on principal, redemption premium and interest.

SECTION 1114. It is the intent of this Trust Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State 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 Trust Indenture or the Lease and 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 property mortgaged hereunder, 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 1114 are adopted 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 Trust 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 the 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 rights, estates and properties, 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.

SECTION 1115. Any bank or trust company with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Indenture. If the position of Paying Agent shall become vacant for any reason, the County shall, within thirty (30) days thereafter, appoint a bank or trust company as Paying Agent to fill such vacancy; provided, however, that if the County shall fail to appoint such Paying Agent within said period, the Trustee shall make such appointment.

ARTICLE XII

SUPPLEMENTAL INDENTURES

SECTION 1201. The County and the Trustee may, from time to time, without the approval of any Bondholder, enter into such indentures supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures shall thereafter form a part hereof), (a) to cure any ambiguity or formal defect or omission in this Indenture or in any supplemental indenture, or (b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or either of them, or (c) to subject to the lien or pledge of this Indenture additional revenues, properties or collateral.

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) 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, (ii) with respect to any changes required to be made in the

description of the Project in order to conform with similar changes in the Lease Agreement as permitted by Section 1301.

SECTION 1202. Subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than two-thirds ($\frac{2}{3}$) in aggregate principal amount of the Bonds then outstanding (determined as provided in Section 1014 hereof) 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 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 herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond, including any applicable redemption premiums, or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of the lease rentals, revenues and receipts derived from or in connection with the Project ranking prior to or on a parity with the lien and pledge created by this Indenture, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture; or (f) modify the rights, duties or immunities of the Trustee, without the written consent of the Trustee. Nothing herein contained, however, shall be construed as making necessary the approval of Bondholders of the execution of any supplemental indenture as provided in Section 1201 of this Article.

If at any time the County shall request the Trustee to enter into any supplemental indenture for any of the purposes of this Section, the Trustee shall, at the expense of the County, (1) cause notice of the proposed execution of such supplemental indenture to be published one time in a newspaper of general circulation in Lexington County, South Carolina, and one time in a newspaper or financial journal published in the City of New York, New York, and (2) mail notice to each owner of a Bond registered as to principal or fully registered and to each person on the list maintained pursuant to the provisions of Section 409 hereof. 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. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to publish such notice, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If the holders of not less than two-thirds ($\frac{2}{3}$) 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 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, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

The Trustee may receive an opinion of counsel, who may be counsel to the County, as conclusive evidence that any indenture supplemental hereto entered into by the County and the Trustee complies with the provisions of this Article XII.

SECTION 1203. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII shall not become effective unless and until the Lessee under the Lease Agreement 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 under the Lease Agreement at least fifteen (15) days prior to the proposed date of execution and delivery of any such supplemental indenture. The Lessee under the Lease Agreement shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee receives a letter signed by

an authorized officer of the Lessee of the Lease Agreement expressing said consent within fifteen (15) days after the mailing of notice and a copy of the proposed supplemental indenture to the Lessee under the Lease Agreement or if the Trustee does not receive a letter signed by an authorized officer on or before 4:00 o'clock p.m., Prevailing Time, of the fifteenth day after the mailing of said notice, the Lessee under the Lease Agreement shall be deemed to have consented to the execution and delivery of such supplemental indenture.

ARTICLE XIII

AMENDMENT OF LEASE AND AGREEMENT

SECTION 1301. The Trustee may from time to time, and at any time, consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement and the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with the 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 machinery and equipment, or (iv) making any other change therein, which in the reasonable judgment of the Trustee is not to the prejudice of the Trustee or the holders of the Bonds. The Trustee shall not consent to any other amendments, change or modification of the Lease Agreement without the prior written approval or consent of the holders of not less than two-thirds ($\frac{2}{3}$) in aggregate principal amount of the Bonds at the time outstanding (determined as provided in Section 1014 hereof, evidenced in the manner provided in Section 1401 hereof.

SECTION 1302. If at any time the County or Lessee under the Lease Agreement shall request the Trustee's consent to a proposed amendment, change or modification requiring bondholder approval under Section 1301, the Trustee shall, at the expense of the requesting party, cause notice of such proposed amendment, change or modification (a) to be published one time in a newspaper of general circulation in Lexington County, South Carolina, and one time in a newspaper or financial journal published in the City of New York, New York, and (b) mail notice to each owner of a Bond registered as to principal or fully registered and to each person on the list maintained pursuant to the provisions of Section 409 hereof. 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 in the principal office of the Trustee for inspection by any interested Bondholder. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to publish such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved in the manner herein provided.

ARTICLE XIV

MISCELLANEOUS

SECTION 1401. Any consent, approval, waiver, request, direction, 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, approval, waiver, request, direction, 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 by it 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 jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of holding by any person of Bonds and/or coupons transferable by delivery and the amounts and numbers of such Bonds, and/or coupons 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. The ownership of fully registered Bonds or Bonds registered as to principal only may be proved by the register of such Bonds.

For all purposes of the Indenture and of the proceedings for the enforcement thereof, 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. 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 bearers of the coupons secured by this Indenture, 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 exclusive benefit of the parties hereto and the holders of the Bonds and bearers of coupons hereby secured as herein provided.

SECTION 1403. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative, invalid 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 provisions of any constitution, or statute, or rule 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.

It is the expressed intention of the parties that the substantive law of South Carolina shall govern as to all questions of validity, interpretation and effect.

SECTION 1404. It shall be sufficient service of any notice, request, complaint, demand or other paper on the County, the Trustee, or the Lessee, if the same shall be duly mailed postage prepaid, to the County, the Trustee or the Lessee by first class mail addressed as follows:

- (a) To the County, addressed to the County Board of Commissioners of Lexington County, Lexington, South Carolina, attention of the Chairman of said Board, or to such address as the County may from time to time file with the Trustee;
- (b) To the Trustee, at its principal office in the City of Columbia, South Carolina, attention: Corporate Trust Department;
- (c) To the Lessee, at Allis-Chalmers Manufacturing Company, Box 512, Milwaukee, Wisconsin 53201, attention: Vice President-Finance.

SECTION 1405. 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. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 1407. 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 a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal, including any applicable redemption premiums, need not be made on such date 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.

IN WITNESS WHEREOF, Lexington County, South Carolina has caused these presents to be signed in its name and behalf of the Chairman of the County Board of Commissioners of Lexington County and its corporate seal to be hereunto affixed and attested by the Clerk of the County Board of Commissioners of said County, and, to evidence its acceptance of the trust hereby created, The South Carolina National Bank has caused these presents to be signed in its name and behalf by one of its Trust Officers and its corporate seal to be hereunto affixed and attested by one of its Assistant Trust Officers all as of the day and year first above written.

LEXINGTON COUNTY, SOUTH CAROLINA

By
*Chairman of the County Board of
Commissioners of Lexington County*

ATTEST:

[SEAL]

.....
*Clerk of the County Board of
Commissioners of Lexington County*

In the presence of:

.....
.....

[SEAL]

ATTEST:

THE SOUTH CAROLINA NATIONAL BANK
As Trustee

By
Trust Officer

.....
Assistant Trust Officer

In the presence of:

.....
.....

STATE OF SOUTH CAROLINA }
COUNTY OF LEXINGTON } ss.:

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

Sworn to before me this
.... day of, 1968.

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 THE SOUTH CAROLINA NATIONAL BANK affixed to the foregoing Trust Indenture, and that he also saw as Trust Officer and as Assistant Trust Officer of The South Carolina National Bank, sign and attest the same, and that he with witnessed the execution and delivery thereof as the act and deed of the said Bank.

Sworn to before me this
.... day of, 1968.

Notary Public
My Commission expires

EXHIBIT A

The real property described herein is located in Lexington County, South Carolina and consists of the following tracts of land, to wit:

TRACT A: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 12.98 acres, more particularly shown and delineated as Tract A on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at an iron in the northwesterly right-of-way limits of Interstate Highway #20 and running thence N 20° 31' W 981.48 feet to an iron in the Southeasterly right-of-way limits of Road S-32-626; thence turning and running along the right-of-way limits of said roadway N 52° 47' E 114.80 feet to a point; thence continuing along said right-of-way limits N 46° 35' E 181.0 feet to an iron; thence turning and running S 63° 36' E along Tract B shown on said plat 509.44 feet to an iron; thence turning and running S 23° 15' E 505.0 feet to a point marked by a stake; thence turning and running S 25° 15' E 65.7 feet to a stake in the northwesterly right-of-way limits of Interstate Highway #20; thence turning and running South along said right-of-way limits 57° 09' W 669.8 feet to an iron, the point of beginning. This being the same property conveyed to Board of Commissioners for Lexington County by deed of R. G. Padgett, Mary R. Padgett and Lizzie E. Gunter to be filed for record.

TRACT B: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 30.40 acres, more particularly shown and delineated as Tract B on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at an iron marking the northernmost corner of Tract A at the intersection of right-of-way of Road S-32-626 and running thence along the right-of-way of said road N 43° 15' E 228.03 feet to a point; thence continuing along said right-of-way N 36° 36' E 525.62 feet to a point; thence continuing along said right-of-way limits of said road in an arc 458.6 feet to an iron; the chord of such arc being N 50° 56' E 454.22 feet; thence continuing along said right-of-way limits N 65° 11' E 104.85 feet to an iron; thence turning and running S 33° 03' E 1274.10 feet to the northwesterly limits of Interstate Highway #20; thence turning and running along said right-of-way limits S 57° 06' W 752.2 feet to a concrete monument; thence turning and running S 57° 09' W 353.6 feet to a stake, marking the southernmost corner of Tract A; thence turning and running N 25° 15' W 65.7 feet to a stake; thence turning and running N 23° 15' W 505.0 feet to an iron; thence turning and running N 63° 36' W 509.44 feet to an iron; the point of beginning. This being the same property conveyed to Board of Commissioners for Lexington County by deed of Albert J. Dooley, Raymond S. Caughman, Marvin P. Caddell and J. K. Addy, to be filed for record.

TRACT C: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 10.03 acres, more particularly shown and delineated as Tract C on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at a point in the common boundary line between Tracts C and D that is located S 74° 40' W 207.4 feet from an iron in the easternmost common boundaries of Tracts E and F, and from such point of beginning running S 67° 14' W 633.3 feet to a stake in the boundary line of Tract B; and thence turning and running along Tract B N 33° 03' W 611.70 feet to an iron in the southeasterly limits of the right-of-way of Road S-32-626; thence turning and running along such right-of-way limits N 65° 11' E 306.71 feet to an iron; thence turning and running N 67° 05' E 239.78 feet to an iron; thence turning and running S 6° 32' E 44.68 feet to an iron; thence turning and running N 89° 23' E 332.7 feet to an iron; thence turning and running S 10° 11' E 407.0 feet to a concrete monument; thence continuing along the western boundary of Tract E on the same bearing 50 feet to the point of beginning. This being the same property conveyed to Board of Commissioners for Lexington County by deed of Raymond S. Caughman to be filed for record.

TRACT D: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 9.75 acres, more particularly shown and delineated as Tract

EXHIBIT A

The real property described herein is located in Lexington County, South Carolina and consists of the following tracts of land, to wit:

TRACT A: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 12.98 acres, more particularly shown and delineated as Tract A on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at an iron in the northwesterly right-of-way limits of Interstate Highway #20 and running thence N 20° 31' W 981.48 feet to an iron in the Southeasterly right-of-way limits of Road S-32-626; thence turning and running along the right-of-way limits of said roadway N 52° 47' E 114.80 feet to a point; thence continuing along said right-of-way limits N 46° 35' E 181.0 feet to an iron; thence turning and running S 63° 36' E along Tract B shown on said plat 509.44 feet to an iron; thence turning and running S 23° 15' E 505.0 feet to a point marked by a stake; thence turning and running S 25° 15' E 65.7 feet to a stake in the northwesterly right-of-way limits of Interstate Highway #20; thence turning and running South along said right-of-way limits 57° 09' W 669.8 feet to an iron, the point of beginning. This being the same property conveyed to Board of Commissioners for Lexington County by deed of R. G. Padgett, Mary R. Padgett and Lizzie E. Gunter to be filed for record.

TRACT B: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 30.40 acres, more particularly shown and delineated as Tract B on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at an iron marking the northernmost corner of Tract A at the intersection of right-of-way of Road S-32-626 and running thence along the right-of-way of said road N 43° 15' E 228.03 feet to a point; thence continuing along said right-of-way N 36° 36' E 525.62 feet to a point; thence continuing along said right-of-way limits of said road in an arc 458.6 feet to an iron; the chord of such arc being N 50° 56' E 454.22 feet; thence continuing along said right-of-way limits N 65° 11' E 104.85 feet to an iron; thence turning and running S 33° 03' E 1274.10 feet to the northwesterly limits of Interstate Highway #20; thence turning and running along said right-of-way limits S 57° 06' W 752.2 feet to a concrete monument; thence turning and running S 57° 09' W 353.6 feet to a stake, marking the southernmost corner of Tract A; thence turning and running N 25° 15' W 65.7 feet to a stake; thence turning and running N 23° 15' W 505.0 feet to an iron; thence turning and running N 63° 36' W 509.44 feet to an iron; the point of beginning. This being the same property conveyed to Board of Commissioners for Lexington County by deed of Albert J. Dooley, Raymond S. Caughman, Marvin P. Caddell and J. K. Addy, to be filed for record.

TRACT C: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 10.03 acres, more particularly shown and delineated as Tract C on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at a point in the common boundary line between Tracts C and D that is located S 74° 40' W 207.4 feet from an iron in the easternmost common boundaries of Tracts E and F, and from such point of beginning running S 67° 14' W 633.3 feet to a stake in the boundary line of Tract B; and thence turning and running along Tract B N 33° 03' W 611.70 feet to an iron in the southeasterly limits of the right-of-way of Road S-32-626; thence turning and running along such right-of-way limits N 65° 11' E 306.71 feet to an iron; thence turning and running N 67° 05' E 239.78 feet to an iron; thence turning and running S 6° 32' E 44.68 feet to an iron; thence turning and running N 89° 23' E 332.7 feet to an iron; thence turning and running S 10° 11' E 407.0 feet to a concrete monument; thence continuing along the western boundary of Tract E on the same bearing 50 feet to the point of beginning. This being the same property conveyed to Board of Commissioners for Lexington County by deed of Raymond S. Caughman to be filed for record.

TRACT D: All that certain piece, parcel or lot of land, situate, lying and being in the County of Lexington, State of South Carolina, containing 9.75 acres, more particularly shown and delineated as Tract

D on a plat made by B. P. Barber and Associates, Engineers, of date March, 1968, as commencing at a point on the northwesterly right-of-way limits of Interstate Highway #20 comprising the easternmost corner of Tract B and running thence along Tract B N 33° 03' W 662.40 feet to a stake; thence turning and running along the southeasterly boundary line of Tract C N 67° 14' E 633.3 feet to a point; thence turning and running S 10° 11' E along Tract F 50 feet to a point; thence turning and running N 74° 40' E along Tract F 207.3 feet to a point; thence turning and running S 10° 07' E 501.8 feet to a concrete monument in the northwesterly limits of Interstate Highway #20, to a point approximately 1,600 feet in a westerly direction from South Carolina Highway #6; and from such concrete monument running along the highway right-of-way limits S 59° 53' W 202.9 feet to a point; thence turning and continuing along the highway right-of-way limits S 59° 07' W 205.1 feet to a point; thence continuing along the highway limits S 58° 02' W for a distance of 198.1 feet to the point of commencement. This being the same property conveyed to Board of Commissioners for Lexington County by deed of Toland H. Watson, William P. Thompson, James M. Feagle and L. E. Richardson to be filed for record.

EXHIBIT B

The machinery, equipment and other personal property described herein is subject to change during the period of construction of the Project, as defined in the Indenture. As provided in the granting clause of the Indenture, all machinery, equipment and other personal property actually acquired as part of the Project will be identified in a ledger to be filed and maintained as provided therein.

1. Compressors.
2. Fixtures, partitions, racks and bins.
3. Air hoists and related equipment.
4. Machine tools and equipment.
5. Battery chargers.
6. Office furniture and equipment.
7. Conveyors.

E N D

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