

Ret A.B. Jones

6415-

1834

LEASE

THIS LEASE made as of the 1st day of December, 1965, by and between THE TRAVELERS INSURANCE COMPANY, a Connecticut corporation with offices at Hartford, Connecticut (hereinafter called "Lessor"), and HIWASSEE LAND COMPANY, an Alabama corporation with offices at Calhoun, Tennessee; (hereinafter called "Lessee").

WITNESSETH THAT:

FOR AND IN CONSIDERATION of the sum of Two Hundred Eighty-six Thousand Five Hundred One and No/100 Dollars (\$286,501.00) cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, and of the rents to be paid as hereinafter provided, and in further consideration of the covenants and agreements herein contained, Lessor has granted, bargained, sold, and conveyed and does by these presents grant, bargain, sell, and convey unto Lessee all of the merchantable timber of every kind and species now lying, standing, or growing on the lands hereinafter described, and does hereby lease, let and demise unto Lessee, for the term and upon the conditions hereinafter set forth, all of the lands situated in Shelby and Chilton Counties, Alabama, and more fully described as follows:

FEE SIMPLE

| <u>Lands in Chilton County, Alabama</u>  | <u>Sec.</u> | <u>Twp.</u> | <u>Rge.</u> | <u>Acres</u> |
|--|-------------|-------------|-------------|--------------|
| NE $\frac{1}{4}$   | 15          | 24          | 14          | 160          |
| W $\frac{1}{2}$ of NE $\frac{1}{4}$  | 36          | 24          | 13          | 80           |
| S $\frac{1}{2}$ of NW $\frac{1}{4}$  | 20          | 24          | 14          | 80           |
| NW $\frac{1}{4}$ of SE $\frac{1}{4}$ ; NE $\frac{1}{4}$ of SW $\frac{1}{4}$ ; 20 acres lying on the East side of NW $\frac{1}{4}$ of SW $\frac{1}{4}$ described as follows: Beginning at the SE corner of NW $\frac{1}{4}$ of SW $\frac{1}{4}$ and running West along said line to the public road right of way; thence due North to line of NW $\frac{1}{4}$ of SW $\frac{1}{4}$ and East to corner of last said lands and thence South to place of beginning | 35          | 24          | 14          | 100          |
| SW $\frac{1}{4}$ ; NW $\frac{1}{4}$ of SE $\frac{1}{4}$ ; W $\frac{1}{2}$ of NE $\frac{1}{4}$ of SE $\frac{1}{4}$ ; NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of SE $\frac{1}{4}$ ; NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of SE $\frac{1}{4}$  | 26          | 24          | 13          | 236          |

S $\frac{1}{2}$  of NE $\frac{1}{4}$ ; N $\frac{1}{2}$  of SE $\frac{1}{4}$  less a strip of land sold to Chilton County 60 feet wide for highway lying in NW $\frac{1}{4}$  of SE $\frac{1}{4}$  and W $\frac{1}{2}$  of NE $\frac{1}{4}$ , and less 6 acres in NE corner of NW $\frac{1}{4}$  of SE $\frac{1}{4}$  sold to Cleve Gilliland, as shown in Book 381 at Page 245 and described as follows: Begin at the Northeast corner of the Northwest quarter of the SE $\frac{1}{4}$  of Section 27, Township 24, Range 13 East, Chilton County, Alabama; thence S 87 deg. W 500.0 feet; thence S 00 deg. 30 min. E 130.0 feet; thence S 87 deg. W 100.0 feet; thence S 8 deg. E 361.0 ft.; thence N 87 deg. 15 min. E 518.0 ft.; thence N 3 deg. 15 min. E 497.0 feet; to the point of beginning and containing 6.0 acres

NE $\frac{1}{4}$  of SW $\frac{1}{4}$ ; W $\frac{1}{2}$  of SW $\frac{1}{4}$

NW $\frac{1}{4}$

SW $\frac{1}{4}$  of SW $\frac{1}{4}$

W $\frac{1}{2}$ ; SE $\frac{1}{4}$  of NE $\frac{1}{4}$ ; W $\frac{1}{2}$  of NE $\frac{1}{4}$ ; S $\frac{1}{2}$  of SE $\frac{1}{4}$

Entire Section

Entire Section, less 12.8 acres, more or less, of Section 30 for right of way for Interstate Highway No. 65, conveyed to State of Alabama, by deed dated June 9, 1958.

W $\frac{1}{2}$  of NW $\frac{1}{4}$

N $\frac{1}{2}$  of NE $\frac{1}{4}$ ; N $\frac{1}{2}$  of NW $\frac{1}{4}$

E $\frac{1}{2}$ ; S $\frac{1}{2}$  of NW $\frac{1}{4}$ ; SW $\frac{1}{4}$

W $\frac{1}{2}$  of NW $\frac{1}{4}$

NE $\frac{1}{4}$  of SW $\frac{1}{4}$ ; W $\frac{1}{2}$  of SE $\frac{1}{4}$

NE $\frac{1}{4}$  of NE $\frac{1}{4}$

#### Lands in Shelby County, Alabama

SE $\frac{1}{4}$  of NE $\frac{1}{4}$ ; E $\frac{1}{2}$  of SE $\frac{1}{4}$

SW $\frac{1}{4}$  of SE $\frac{1}{4}$ ; SE $\frac{1}{4}$  of SW $\frac{1}{4}$ ; NW $\frac{1}{4}$  of SW $\frac{1}{4}$

North 18 acres of SW $\frac{1}{4}$  of SW $\frac{1}{4}$

NE $\frac{1}{4}$ ; NW $\frac{1}{4}$ ; NE $\frac{1}{4}$  of SE $\frac{1}{4}$ ; SE $\frac{1}{4}$  of SW $\frac{1}{4}$

W $\frac{1}{2}$  of SW $\frac{1}{4}$

SW $\frac{1}{4}$

E $\frac{1}{2}$  of NW $\frac{1}{4}$ ; SW $\frac{1}{4}$  of NW $\frac{1}{4}$ ; NW $\frac{1}{4}$  of SW $\frac{1}{4}$

S $\frac{1}{2}$ ; S $\frac{1}{2}$  of N $\frac{1}{2}$ ; NE $\frac{1}{4}$  of NE $\frac{1}{4}$ ; except 34.01 acres, more or less, within the right of way of Interstate Highway No. 65, conveyed to State of Alabama by deed dated December 15, 1958 and recorded in Book 198 at Page 7, Shelby County, Said excepted part being located in W $\frac{1}{2}$  of SW $\frac{1}{4}$  and SW $\frac{1}{4}$  of NW $\frac{1}{4}$

| <u>Sec.</u> | <u>Twp.</u> | <u>Rge.</u> | <u>Acres</u> |
|-------------|-------------|-------------|--------------|
| 27          | 24          | 13          | 139.1        |
| 36          | 24          | 13          | 120          |
| 22          | 24          | 14          | 160          |
| 24          | 24          | 14          | 40           |
| 26          | 24          | 14          | 520          |
| 28          | 24          | 14          | 640          |
| 30          | 24          | 14          | 627.2        |
| 32          | 24          | 14          | 80           |
| 34          | 24          | 14          | 160          |
| 36          | 24          | 14          | 560          |
| 6           | 23          | 14          | 80           |
| 15          | 23          | 15          | 120          |
| 26          | 24          | 14          | 40           |
| 7           | 24          | 14          | 120          |
| 7           | 24          | 14          | 120          |
| 7           | 24          | 14          | 18           |
| 9           | 24          | 14          | 400          |
| 9           | 24          | 14          | 80           |
| 8           | 24          | 14          | 159          |
| 10          | 24          | 14          | 160          |
| 1           | 24          | 13          | 485.99       |

|  | <u>Sec.</u> | <u>Twp.</u> | <u>Rge.</u> | <u>Acres</u> |
|--|-------------|-------------|-------------|--------------|
| NE $\frac{1}{4}$   | 12          | 24          | 13          | 160          |
| NW $\frac{1}{4}$ of NE $\frac{1}{4}$   | 1           | 24          | 14          | 40           |
| SE $\frac{1}{4}$   | 5           | 24          | 14          | 160          |
| W $\frac{1}{2}$ of W $\frac{1}{2}$ ; NE $\frac{1}{4}$ of SW $\frac{1}{4}$  | 6           | 24          | 14          | 200          |
| NW $\frac{1}{4}$ of NW $\frac{1}{4}$   | 7           | 24          | 14          | 40           |
| NW $\frac{1}{4}$ of NE $\frac{1}{4}$ ; NE $\frac{1}{4}$ of NW $\frac{1}{4}$ ; S $\frac{1}{2}$ of NW $\frac{1}{4}$  | 8           | 24          | 14          | 160          |
| SW $\frac{1}{4}$ of NE $\frac{1}{4}$   | 6           | 24          | 15          | 40           |
| <p>NE<math>\frac{1}{4}</math> of SW<math>\frac{1}{4}</math> of SE<math>\frac{1}{4}</math>; S<math>\frac{1}{2}</math> of SE<math>\frac{1}{4}</math> of SE<math>\frac{1}{4}</math>; S<math>\frac{1}{2}</math> of SW<math>\frac{1}{4}</math> of SE<math>\frac{1}{4}</math>; NW<math>\frac{1}{4}</math> of SE<math>\frac{1}{4}</math> of SE<math>\frac{1}{4}</math>, less 4.2 acres as shown in Volume of Deeds 155 at Page 275 conveyed to Bervell Maddox, Sr. and described as: A lot or parcel of land consisting of 4.2 acres, more or less, situated in Shelby County, Alabama, and more particularly described as follows: Begin at the NE corner of the SE<math>\frac{1}{4}</math> of SE<math>\frac{1}{4}</math>, Section 14, Township 22, Range 1 West; thence run S 85 deg. 30 min. W along the N boundary line of said forty for a distance of 660 ft. to a stake hereinafter referred to as point of beginning; thence run S 4 deg. 30 min. E for a distance of 335 feet; thence run S 85 deg. 30 min. W for a distance of 50 ft.; thence run S 4 deg. 30 min. E for a distance of 135 ft.; thence run N 85 deg. 30 min. E for a distance of 50 ft.; thence run S 4 deg. 30 min. E for a distance of 125 ft. to the N boundary line of the Calera and Shelby public road; thence run N 55 deg. W along the N boundary line of said road for a distance of 580 ft.; thence run N 4 deg. 30 min. W for a distance of 243 feet to a point on the N boundary line of said forty acre tract; thence run N 85 deg. 30 min. E along the N boundary line of said forty for a distance of 450 ft. to point of beginning.</p> |             |             |             |              |
|  | 14          | 22          | 1W          | 55           |
| <p>SW<math>\frac{1}{4}</math> of NE<math>\frac{1}{4}</math>; SE<math>\frac{1}{4}</math> of NW<math>\frac{1}{4}</math>; subject to easement to Town of Calera as shown in deed book 161 at Page 292, and subject to highway right of way to Shelby County, as shown in Deed Book 234 at Page 624.</p>   |             |             |             |              |
|  | 23          | 22          | 2W          | 80           |
| <p>NW<math>\frac{1}{4}</math> of NE<math>\frac{1}{4}</math>; SW<math>\frac{1}{4}</math> of NE<math>\frac{1}{4}</math>; all that part of the NW<math>\frac{1}{4}</math> of SE<math>\frac{1}{4}</math> lying East of Waxahatchie Creek; all that part of the SE<math>\frac{1}{4}</math> of NW<math>\frac{1}{4}</math> lying East of Waxahatchie Creek.</p>   |             |             |             |              |
|  | 3           | 22          | 1W          | 130          |

Total Fee Simple Lands 6,550.29

SURFACE RIGHTS ONLY

Lands in Chilton County, Alabama

|                                      |    |    |    |    |
|--------------------------------------|----|----|----|----|
| SE $\frac{1}{4}$ of SE $\frac{1}{4}$ | 13 | 24 | 13 | 40 |
|--------------------------------------|----|----|----|----|

|  | <u>Sec.</u> | <u>Twp.</u> | <u>Rge.</u> | <u>Acres</u> |
|--|-------------|-------------|-------------|--------------|
| SE $\frac{1}{4}$ of NE $\frac{1}{4}$ ; S $\frac{1}{2}$ of NE $\frac{1}{4}$ of NE $\frac{1}{4}$ ; E $\frac{1}{2}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$ ; NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$ ; E $\frac{1}{2}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$ ; E $\frac{1}{2}$ of SE $\frac{1}{4}$ ; SW $\frac{1}{4}$ of SE $\frac{1}{4}$ ; SE $\frac{1}{4}$ of SW $\frac{1}{4}$ ; S $\frac{1}{2}$ of NE $\frac{1}{4}$ of SW $\frac{1}{4}$ ; NW $\frac{1}{4}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$ ; E $\frac{1}{2}$ of SW $\frac{1}{4}$ of SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of SW $\frac{1}{4}$ ; NW $\frac{1}{4}$ of NW $\frac{1}{4}$ of NE $\frac{1}{4}$ , less 41.7 acres, more or less, of Section 25 which is within the right of way of Interstate Highway No. 65, conveyed to the State of Alabama, by deed dated June 9, 1958. | 25          | 24          | 13          | 298.30       |
| N $\frac{1}{2}$ of NE $\frac{1}{4}$ , less easement to Alabama Power Company as shown in Book 502 at Page 427.   | 27          | 24          | 13          | 80           |
| SE $\frac{1}{4}$ of NE $\frac{1}{4}$ ; E $\frac{1}{2}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$ ; SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of NE $\frac{1}{4}$ ; NW $\frac{1}{4}$ of NE $\frac{1}{4}$ of NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ of NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of NW $\frac{1}{4}$ ; E $\frac{1}{2}$ of NE $\frac{1}{4}$ of SW $\frac{1}{4}$ ; W $\frac{1}{2}$ of SE $\frac{1}{4}$ of SW $\frac{1}{4}$ ; E $\frac{1}{2}$ of SW $\frac{1}{4}$ of SW $\frac{1}{4}$ ; SE $\frac{1}{4}$  | 35          | 24          | 13          | 350          |
| S $\frac{1}{2}$ ; S $\frac{1}{2}$ of NW $\frac{1}{4}$  | 15          | 24          | 14          | 400          |
| NE $\frac{1}{4}$ ; E $\frac{1}{2}$ of NW $\frac{1}{4}$ ; S $\frac{1}{2}$   | 17          | 24          | 14          | 560          |
| NE $\frac{1}{4}$ ; E $\frac{1}{2}$ of NW $\frac{1}{4}$ ; SW $\frac{1}{4}$ of NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ of SE $\frac{1}{4}$ ; W $\frac{1}{2}$ of SW $\frac{1}{4}$   | 19          | 24          | 14          | 400          |
| SW $\frac{1}{4}$   | 20          | 24          | 14          | 160          |
| NE $\frac{1}{4}$ ; E $\frac{1}{2}$ of NW $\frac{1}{4}$ ; S $\frac{1}{2}$   | 21          | 24          | 14          | 560          |
| E $\frac{1}{2}$ ; SW $\frac{1}{4}$   | 22          | 24          | 14          | 480          |
| Entire Section   | 23          | 24          | 14          | 640          |
| N $\frac{1}{2}$ ; SE $\frac{1}{4}$ ; E $\frac{1}{2}$ of SW $\frac{1}{4}$ ; NW $\frac{1}{4}$ of SW $\frac{1}{4}$  | 25          | 24          | 14          | 600          |
| Entire Section   | 27          | 24          | 14          | 640          |
| Entire Section   | 29          | 24          | 14          | 640          |
| NE $\frac{1}{4}$ of NE $\frac{1}{4}$ ; S $\frac{1}{2}$ of NE $\frac{1}{4}$ ; NE $\frac{1}{4}$ of NW $\frac{1}{4}$ ; W $\frac{1}{2}$ of NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ of SE $\frac{1}{4}$ , less 16.9 acres, more or less of Section 31 which is within the right of way of Interstate Highway No. 65, conveyed to the State of Alabama, by deed dated June 9, 1958.  | 31          | 24          | 14          | 263.1        |
| SE $\frac{1}{4}$ of NE $\frac{1}{4}$ ; W $\frac{1}{2}$ of NE $\frac{1}{4}$ ; E $\frac{1}{2}$ of SE $\frac{1}{4}$ ; E $\frac{1}{2}$ of NW $\frac{1}{4}$ ; NW $\frac{1}{4}$ of NW $\frac{1}{4}$  | 35          | 24          | 14          | 320          |
| W $\frac{1}{2}$ of NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ of NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ ; E $\frac{1}{2}$ of SE $\frac{1}{4}$ ; W $\frac{1}{2}$ of SW $\frac{1}{4}$  | 1           | 23          | 14          | 440          |
| N $\frac{1}{2}$ of NE $\frac{1}{4}$ ; S $\frac{1}{2}$ of NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ of NW $\frac{1}{4}$ ; N $\frac{1}{2}$ of SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ of SW $\frac{1}{4}$ ; N $\frac{1}{2}$ of SE $\frac{1}{4}$  | 2           | 23          | 14          | 400          |
| S $\frac{1}{2}$ less N $\frac{1}{2}$ of NW $\frac{1}{4}$ of SW $\frac{1}{4}$ ; S $\frac{1}{2}$ of NE $\frac{1}{4}$   | 3           | 23          | 14          | 380          |
| N $\frac{1}{2}$  | 10          | 23          | 14          | 320          |
| S $\frac{1}{2}$ ; NE $\frac{1}{4}$ ; N $\frac{1}{2}$ of NW $\frac{1}{4}$ ; SE $\frac{1}{4}$ of NW $\frac{1}{4}$ , subject to right of way easement to Alabama Power Company in Book 535 at Page 67.  | 3           | 23          | 15          | 600          |
| N $\frac{1}{2}$ ; SW $\frac{1}{4}$ ; N $\frac{1}{2}$ of SE $\frac{1}{4}$ ; SW $\frac{1}{4}$ of SE $\frac{1}{4}$  | 5           | 23          | 15          | 600          |
| N $\frac{1}{2}$ of NW $\frac{1}{4}$ ; SE $\frac{1}{4}$ of NW $\frac{1}{4}$ ; NE $\frac{1}{4}$ of SW $\frac{1}{4}$ ; E $\frac{1}{2}$ less 3 acres, subject to right of way to Chilton County as shown in Book 463 at Page 145.  | 7           | 23          | 15          | 477          |

|   | <u>Sec.</u> | <u>Twp.</u> | <u>Rge.</u> | <u>Acres</u> |
|---|-------------|-------------|-------------|--------------|
| Entire Section  | 9           | 23          | 15          | 640          |
| N $\frac{1}{2}$ ; E $\frac{1}{2}$ of SE $\frac{1}{2}$   | 15          | 23          | 15          | 400          |
| NW $\frac{1}{4}$ of NE $\frac{1}{4}$ ; S $\frac{1}{2}$ of NE $\frac{1}{4}$ ; NW $\frac{1}{4}$ ; SE $\frac{1}{4}$ ; N $\frac{1}{2}$ of SW $\frac{1}{4}$ ; SW $\frac{1}{4}$ of SW $\frac{1}{4}$ , subject to right of way to Chilton County, conveyed by deed dated January 23, 1959. | 31          | 24          | 15          | 560          |
| Total Surface Lands   |             |             |             | 11,248.40    |
| Grand Total (more or less)  |             |             |             | 17,798.69    |

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TOGETHER with all and singular the complete and exclusive use, control, and possession of the above described lands and all rights, hereditaments, and appurtenances thereunto belonging, including (without limiting in any way the generality of the foregoing) all timber, pulpwood, logging, agricultural, grazing, hunting, water, and general management rights and all easements, rights of way, and privileges on and over said lands; together with the exclusive right and privilege to locate, construct, use, occupy, operate, and maintain such roads, buildings, structures, mills, railroads, tracks, equipment, machinery, fixtures, and improvements upon said lands which Lessee may deem necessary or convenient in its operations; and, except as hereinafter limited, the further right and privilege to cut, mine, extract, use, remove, sell, or otherwise dispose of such trees, timber, crops, oil, gas, minerals, or other products on or in said lands as Lessee may consider necessary or convenient in its operations, and to plant or reseed all or any part of said lands in such trees, crops, or vegetation as Lessee may consider appropriate. It being the purpose of this Lease to grant unto Lessee for the term hereof all the rights, powers, and privileges with respect to the above described lands as though Lessee had fee simple ownership thereof, subject only to the conditions, covenants, limitations, reservations, exceptions, and restrictions herein set forth.

TO HAVE AND TO HOLD the above described lands and premises unto Lessee, its successors and assigns, for and during the term and period of 35 years commencing on January 1, 1966 and terminating on December 31, 2000, upon the following terms and conditions:

#### 1. DEFINITIONS

1.1 "Lessor," wherever used herein, shall mean and refer to The Travelers Insurance Company and its successors and assigns.

1.2 "Lessee," wherever used herein, shall mean and refer to Bowaters Southern Paper Corporation and its successors and assigns.

1.3 "Lease year", as used herein, shall mean any period of 12 consecutive months commencing on January 1 and ending on December 31.

1.4 The terms "lands," "such lands," "said lands," and "leased premises" shall refer to the lands hereinabove described unless the context clearly indicates otherwise.

1.5 The term "investment," as used in Paragraphs 8 and 9 herein, shall include, but shall not be limited to, the following costs and expenses which may be incurred by Lessee: The purchase price of merchantable timber, all rental payments and tax payments made under the terms of the Lease, weeding costs, planting costs, boundary marking expenses, pro rata fire protection expenses, pro rata administrative costs, and pro rata road building costs. "Accumulated investment" shall mean the sum total of all such costs and expenses incurred by Lessee computed from the effective date of this Lease.

1.6 The term "merchantable timber," as used herein, shall mean timber and trees of every kind and species which on the date hereof shall have attained a diameter of five inches or more measured outside the bark at breast height.

## 2. RENT AND PAYMENT

2.1 Lessee, for itself, its successors and assigns, covenants and agrees to pay to Lessor, its successors and assigns, during the term of this Lease an annual rental in the amount of \$2.9217 per acre per year payable in equal semi-annual payments. The first such payment shall be due and payable on January 1, 1966 and the succeeding semi-annual payments shall become due and payable on each July 1 and January 1 during the term of this Lease, provided, however, the amount of the annual rental payment shall be subject to such adjustments as may be made from time to time pursuant to paragraph 8 of this Lease.

2.2 All rental payments to be made by Lessee under the terms of this Lease shall be made, as and when required, to The Travelers Insurance Company at its office at Box 6067-B, 1516 East Colonial Drive, Orlando, Florida, unless and until Lessor shall, by written notice given to Lessee in accordance with Paragraph 19 hereof, designate some other place of payment.

## 3. TAXES

3.1 In addition to payment of the rents as hereinabove provided, the Lessee hereby agrees to pay all ad valorem and severance taxes including any special assessments assessed against the above described lands and timber by the State, County, or other governmental agency or authority during the term of this Lease. Provided, however, Lessor assumes and agrees to pay any such taxes which may be assessed against its pro rata title to or interest in any oil, gas, or other minerals jointly developed in accordance with Paragraph 11 of this Lease.

3.2 Lessee shall have the right to prepare and file such tax returns as may be required by law in the name of the Lessor or in its own name, as Lessee may elect, and Lessee shall have the further right at its sole expense to oppose, by any legal means, in its own name or in the name of Lessor, any assessment made against said lands which Lessee considers unreasonable or discriminatory, and Lessor hereby agrees to assist Lessee to any reasonable extent in the prosecution of any such action.

## 4. OPTION TO PURCHASE

4.1 In further consideration of the payment of all rents due under this Lease and of the faithful performance by Lessee of all the covenants, conditions, and agreements herein contained to be performed by Lessee, the Lessor further gives and grants to Lessee, its successors and assigns, the exclusive option to purchase in fee simple all of said lands and the timber thereon, excepting such part thereof as may have been sold or otherwise disposed of under the provisions of this Lease, at any time during the 20th, 25th, 30th, or 35th years of the Lease (herein collectively referred to as "option period") upon the terms and conditions herein set forth and for a purchase price determined in accordance with paragraph 4.2 of this Lease.

4.2 The purchase price referred to in paragraph 4.1 hereof shall be the greater of (a) the sum of \$48.70 per acre plus 10% thereof or (b) the sum of \$48.70 per acre increased in the same percentage as the annual average of the Wholesale Price Index for All Commodities (Base Period 1957-1959) as published by the United States Department of Labor, Bureau of Labor Statistics, for the calendar year immediately preceding the date of purchase shall have increased over said average for the calendar year 1964 which, for the purposes hereof, shall be 100.5

Should the Wholesale Price Index for All Commodities as tabulated and published by the United States Department of Labor, Bureau of Labor Statistics, be abandoned and no longer published, or should the basis or base period of said Index be changed so that the said Index no longer fairly and reasonably represents changes in the average Wholesale Commodity prices for any subsequent calendar year as compared with such prices for the calendar year 1964, then any

required adjustment of the purchase price shall be made in accordance with such other Wholesale Price Index for All Commodities as will fairly and reasonably reflect such changes, as the parties may agree, or if unable to agree, as may be determined by arbitration as provided in paragraph 13.1 of the Lease.

4.3 Written notice of Lessee's intention to exercise said option to purchase must be given to Lessor at least twelve months in advance of the date of purchase, which shall be designated in the notice. Upon notice so given this provision shall become a contract of sale binding upon both parties and on the designated purchase date the Lessee shall pay the purchase price to Lessor and Lessor shall execute and deliver to Lessee a special warranty deed or deeds in proper form conveying all of said lands in fee simple to Lessee or such other person, firm, or corporation as Lessee may designate, subject only to the encumbrances and exceptions set forth in Paragraph 16 hereof and such other encumbrances as may have been created under the provisions of this Lease. Upon the date of delivery of such deed or deeds, this Lease shall terminate; but Lessee shall not be relieved of liability for payment of any rents becoming due before delivery of the deed or deeds. In no event shall any rents paid prior to such delivery be applied in reduction of the purchase price.

## 5. CUTTING RIGHTS

5.1 Lessee may cut, use, sell, remove, or otherwise dispose of all or any part of the trees and timber now growing or which may hereafter grow on said lands at any time and from time to time during the term hereof as Lessee may deem necessary or convenient in its operations in accordance with good forestry practices.

## 6. FOREST MANAGEMENT

6.1 Lessee covenants that it will not permit said lands and timber to suffer waste and will at its own expense manage and operate said lands and protect the timber thereon in accordance with good forestry practices, and shall conduct its logging operations thereon in a manner usual and customary in commercial logging operations.

6.2 As soon as practical after the beginning date of the term of this Lease, the Lessee shall plant in a suitable commercial species those portions of said lands which on the date hereof are not adequately stocked in a commercial species and on which planting or reseedling, in Lessee's opinion, may be accomplished economically. An area will be considered adequately stocked if it has growing thereon not less than 300 well-spaced trees or tree seedlings of a suitable commercial species per acre. Any portion of said lands clear cut by Lessee shall be replanted by Lessee within five years after cutting so as to be adequately stocked by the end of such five-year period, unless such portion becomes adequately stocked by natural reproduction within said period. The term "clear cut" as used herein shall mean the removal of substantially all of the merchantable trees and timber from the area cut. If any portion of said lands consisting of 100 acres or more should be so damaged by fire prior to the last five years of the term hereof as to kill substantially all existing timber growth thereon, Lessee shall replant the same in the manner specified above for portions clear cut.

6.3 Lessee, as it deems appropriate or necessary for good forest management, may control the growth of or eliminate entirely any trees, timber, growth, brush, or other vegetation growing on said lands on the date hereof or which may hereafter grow thereon which may be detrimental to the growth of pine timber by any generally used silvicultural method, including mechanical clearing, chemical spraying, and controlled burning.

## 7. TITLE TO TIMBER

7.1 Title to all the merchantable timber hereinabove mentioned shall pass from Lessor to Lessee upon the execution of this instrument. Title to all other timber now growing, lying, or standing, or that shall hereafter grow, lie, or stand on the leased premises during the term hereof shall pass from Lessor to Lessee when such timber is severed from the land.

## 8. ACREAGE REDUCTIONS AND LOSSES

8.1 If at any time or times during the term of this Lease, Lessee shall lose or be denied the exclusive use and possession of any part or parcel of said lands by reason of defects in or failure of Lessor's title thereto, or by reason of the sale, condemnation, or other transfer of any part or parcel of said lands, except as otherwise provided in Paragraph 8.4, then, in such event or events as may from time to time occur, the rents to be paid by Lessee hereunder shall be reduced by subtracting the acreage contained in such parts or parcels from the total acreage affected by this Lease on which the rental payments are computed. Such parts or parcels shall thereafter be considered as removed from and no longer subject to this Lease. Reductions in rental payments made pursuant to this Paragraph shall become effective with the first rental payment next following the removal of said parts or parcels from this Lease.

8.2 Lawyers Title Insurance Corporation has insured Lessor's title to said lands by title insurance policy No. W613-460 dated March 15, 1965 and in the event a loss of acreage should result from a defect in, failure of, or encumbrance on Lessor's title to any part of said lands existing on the date of execution of this Lease, then any payments made with respect to such loss under the title insurance policy covering said lands shall be divided between the parties in the ratio of 75 % to Lessor and 25 % to Lessee.

8.3 In the event any governmental body or other person or corporation having the power of eminent domain shall begin condemnation proceedings with respect to the above described lands or any part thereof, Lessee shall be entitled to intervene in such proceedings for the protection of its rights. Any payment or award made in respect of any of the above described lands taken by reason of any such proceedings or a settlement or sale made in contemplation of such proceedings shall be divided between Lessor and Lessee as follows: First, Lessor shall be paid from such payment or award the then-current option price per acre for the land so condemned. Lessee shall be reimbursed from the balance, if any, so much as represents its accumulated investment in the trees and timber lying, standing, or growing on the lands so condemned, reduced by the market value (calculated as at the date of removal) of the merchantable timber, if any, which Lessee has removed or may be allowed to remove from the condemned area and by any payments which Lessee may have received under Paragraph 8.4 hereof in respect to the lands taken by condemnation. The surplus, if any, shall be divided equally between the parties.

8.4 The grant, conveyance, sale, or transfer of easements and rights of way on, over, under, or across said lands for roads, highways, railroads, telephone lines, electric power lines, pipelines, and other public utilities shall not be considered a loss of acreage hereunder and no reduction in rents shall be made by reason thereof. Any payment made therefor shall be paid entirely to Lessee.

## 9. OUTSALES

9.1 If, for any reason, any of the leased premises should become no longer desirable for retention as timberlands and the parties hereto deem it mutually beneficial to dispose of any such lands, then the same may be sold upon the mutual consent of the parties and the proceeds derived therefrom shall be divided as follows. First, Lessor shall be paid out of such proceeds the current option price per acre for the land so disposed of. Secondly, Lessee shall be reimbursed from the balance so much as represents its accumulated investment in the trees and timber lying, standing, or growing on the lands sold, reduced by the market value (calculated as at the date of removal) of the merchantable timber, if any, which Lessee has removed or may be allowed to remove from the outsale area and by any payments which Lessee may have received under Paragraph 8.4 hereof in respect of the lands sold. The surplus, if any, shall be divided equally between the parties.

9.2 Notwithstanding the provisions of the preceding paragraph, Lessor shall have the right from time to time during the term hereof to dispose of not more than an aggregate of 10 percent of the leased premises without the consent of Lessee, provided the net proceeds to be derived from any such disposition must be at least double the current option price of the land to be sold and Lessee's investment therein as hereinabove set forth and provided further that the maximum number of outsales permitted under this paragraph shall not exceed twenty (20) transactions and the minimum number of acres that may be disposed

of in any one sale shall be twenty (20) acres. The proceeds of all of such sales shall be divided between the parties in the manner specified in paragraph 9.1. It is the intent of this paragraph to limit outsales to substantial size parcels for major industrial sites, major residential subdivisions, school sites, and major recreational or commercial developments.

## 10. RECORDS AND INSPECTIONS

10.1 Lessee shall keep and maintain accurate and detailed books and records with respect to all timber cut and removed, forest management activities, reforestation and such other matters relating to said lands and this Lease as the parties may consider necessary. The Lessor and such agents and attorneys as Lessor may from time to time designate shall have the right to examine such books and records and the leased premises at any reasonable time.

## 11. OIL, GAS, AND MINERALS

11.1 It is mutually understood that all of Lessor's oil, gas, and other minerals and mining rights in, on, and under said lands are included in the leasehold estate herein granted, but the same shall not be mined, extracted, or developed during the term of this Lease except upon the mutual consent of the parties hereto. If such oil, gas, and other minerals should be mined, extracted, or developed by either party (with the consent of the other) during the term of this Lease, the net proceeds thereof after payment of all costs and expenses shall be divided equally between the parties. In the event the option to purchase set forth in paragraph 4 hereof is exercised, all of Lessor's oil, gas, and minerals and mining rights in, on, or under said lands shall be conveyed to Lessee, but Lessor shall reserve and retain from and out of any oil, gas, or mineral development in operation thereon on the date such option is exercised a royalty equal to 25 percent of the net proceeds of such development after payment of the costs and expenses thereof until such time as such development is in good faith abandoned or terminated.

11.2 It is understood that persons other than the Lessor may own coal, oil, gas, or other mineral rights in or under a portion of said lands, and in the event any such person should during the term hereof develop such rights under circumstances which would entitle the parties hereto to receive damages, such damages shall be divided between the parties in the manner provided for in paragraph 9.1. Should any such development for any reason render the area affected thereby unfit for timber growing purposes, the next following and all subsequent annual rental payments shall be reduced by subtracting the number of acres affected by such developments from the total acres covered by this Lease, but no reduction in rentals shall be made for any area affected by any such development so long as such area remains suitable for timber growing purposes.

## 12. LIABILITY AND RECOVERY

12.1 Lessee covenants and agrees to indemnify and hold harmless the Lessor from and against any and all claims or demands for damage or injury to any property or person resulting from or growing out of Lessee's use and occupancy of said lands or Lessee's operations thereon.

12.2 In the event of damage by fire or other causes to the trees, timber, buildings, equipment, machinery, or improvements on said land during the term of this Lease under circumstances which permit a right of recovery against a third person or persons, any action against such person or persons may be brought in the name of Lessee at its expense, and any recovery shall belong to Lessee.

## 13. ARBITRATION

13.1 In the event the parties are unable to agree with respect to any issue of fact arising under this Lease in regard to their rights, duties, and liabilities hereunder, the dispute shall be submitted to arbitration. Lessee shall choose one arbitrator and Lessor shall choose another. The two arbitrators shall choose a third arbitrator from the membership of the American Arbitration Association, and within 60 days thereafter the arbitrators shall proceed to hear and determine all matters in dispute between the parties. The decision of the three shall be final and binding and shall be adhered to immediately by both parties hereto. If the two arbitrators chosen by the parties are unable to

agree upon a third, the third shall be chosen from the membership of the American Arbitration Association by the president of The Society of American Foresters. In the event said Society is no longer in existence at such time, the president of its successor organization, if any, shall choose the third member if the parties are otherwise unable to agree; otherwise the third arbitrator shall be selected by the president of the American Arbitration Association from the membership of that Association. All expenses arising from such arbitration shall be apportioned between Lessor and Lessee as the arbitrators or a majority of them shall determine.

#### 14. ASSIGNMENT

14.1 Lessee may, at any time during the term hereof and without the consent of Lessor, sell, convey, assign, sublease, or grant licenses in respect of and otherwise deal in or dispose of, in whole or in part, any of its rights, interests, or privileges hereunder for any lawful purpose and for any period not extending beyond the termination date of this Lease. The proceeds thereof shall belong to Lessee; but Lessee shall not be relieved of its obligations and liabilities under this Lease.

14.2 Lessor may assign, transfer, or otherwise convey said lands or its interest in this Lease, but any such assignment, transfer, or conveyance shall be made subject to this Lease, including the option to purchase, and Lessor covenants and agrees to include therein an express reference to this Lease.

#### 15. FORCE MAJEURE

15.1 Should Lessee be unable to perform any of its obligations hereunder by reason of war, acts of the public enemy, governmental restrictions, or any other cause beyond the control of Lessee, then Lessee shall be relieved from the performance of such obligations to the extent and for the time that such cause prevents such performance, excepting, however, the obligation to pay the rentals due hereunder, which shall continue in any event. If, however, the occurrence or existence of any such cause shall prevent Lessee from cutting and removing within the term hereof all timber to which Lessee shall become entitled to cut and remove under this Lease, the term of this Lease shall be extended for a period equal to the time such cause existed or for such shorter period as may be necessary for Lessee to cut and remove such timber. The extension allowed under this paragraph shall not apply to the option period specified in paragraph 4 of this Lease.

#### 16. ENCUMBRANCES

16.1 This Lease is made subject to the following:

(a) Reservations and restrictions set forth herein,

(b) All existing easements and rights of way for public roads and highways, electric power lines, telephone lines, pipelines, and other public utilities, if any, extending into, through, over, under, or across said lands,

(c) Any and all exceptions and objections listed in Schedule B of Title Insurance Policy No. W613-460 issued by Lawyers Title Insurance Corporation to the Lessor on December 15, 1965, which exceptions and objections are by reference incorporated in and made a part hereof.

#### 17. WARRANTY

17.1 Lessor warrants and covenants to and with Lessee, its successors and assigns, that Lessor is lawfully seized and possessed of said lands and timber in fee simple; that the same are free and unencumbered, except as to the outstanding rights, easements, and encumbrances, described in paragraph 16.1 hereof and such coal, oil, gas, minerals and mineral rights as may be outstanding in third parties, if any. Lessor further warrants and covenants to and with Lessee, its successors and assigns, that Lessor has full and lawful right and power to convey the timber on said lands to Lessee and to lease said lands to Lessee; and that Lessor will and its successors and assigns shall warrant and defend the title to said timber and lands, with the appurtenances

unto Lessee, its successors and assigns, against the lawful claims and demands of all persons claiming under or through Lessor.

## 18. DEFAULT

18.1 A default shall occur hereunder if and when (a) Lessee fails to make any payment due under the provisions of this Lease when due, or (b) Lessee fails to observe or perform any of its other obligations hereunder, or (c) the Lessee is adjudged bankrupt, or (d) a receiver is appointed for Lessee, or (e) a general assignment is made by Lessee for the benefit of creditors.

18.2 If any default in payment shall occur and continue for a period of ten days after delivery of written demand for such payment or if any other default shall continue for a period of sixty (60) days after delivery or service of written notice of such default by Lessor to Lessee, then Lessor, at its option, may terminate this Lease or take such other legal action as Lessor may deem advisable to rectify such default, including repossession of the leased premises and stoppage of Lessee's timber cutting rights under the Lease until such time as said default is rectified. Failure to give prompt notice shall not constitute a waiver by Lessor of its rights to have such default or any subsequent default corrected upon giving of notice as hereinabove provided.

## 19. NOTICES

19.1 All notices required hereunder must be in writing and shall be sufficient if sent by certified mail to the respective parties at the following addresses:

Lessor: The Travelers Insurance Company  
Post Office Box 6067-B  
Orlando, Florida

Lessee: Hiwassee Land Company  
Calhoun, Tennessee

19.2 The foregoing addresses may be changed by the respective parties by giving notice of such change to the other party in the manner specified above.

## 20. TERMINATION AND REVERSION

20.1 Upon termination of this Lease, Lessee shall surrender and deliver to the Lessor the leased premises or such part thereof as may then be subject to this Lease, together with all trees and timber remaining thereon, and the same shall revert to and become the exclusive property of Lessor, its successors and assigns; provided, however, Lessee shall have a period of 90 days after the termination date to remove from the leased premises any machinery or equipment which Lessee may have placed or erected on said premises. Upon termination hereof, Lessee agrees to execute and deliver such releases or other documents, in form sufficient for recording, as may be reasonably necessary to provide legal notice of the termination of Lessee's rights and interests in said lands. This paragraph shall have no application in the event said lands are purchased by Lessee as provided in paragraph 4 of this Lease.

## 21. FURTHER INSTRUMENTS

21.1 In case any one or more provisions of this Lease or any supplement or amendment hereto shall be found invalid or unenforceable, the validity and enforceability of the remaining provisions shall be in no way affected or disturbed thereby. The parties hereto agree to prepare and execute such other further instruments in form sufficient for recording in the State of Alabama as may be required to correct any such invalid or unenforceable provision or to otherwise carry out the purposes of this Lease and any supplements or amendments thereto.

## 22. CONTRACT DOCUMENTS

22.1 This Lease Agreement constitutes the entire agreement between the parties. No representations, warranties, or promises not expressly referred to in said instrument or any waivers or modifications not in writing and duly signed shall be binding.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed, sealed, executed, and delivered, all by the authority of their respective Boards of Directors duly given, as of the day and year first above written.

THE TRAVELERS INSURANCE COMPANY  
By R. C. Wilkins  
(R. C. Wilkins) Senior Vice President

ATTEST:  
J. G. Page  
(J. G. Page) Assistant Secretary

HIWASSEE LAND COMPANY  
By B. E. Oprey  
President

ATTEST:  
[Signature]  
Not. Secy.

STATE OF CONNECTICUT  
COUNTY OF HARTFORD

I, R. M. Starkey, a Notary Public in and for said County in said State, hereby certify that R. C. Wilkins and J. G. Page, whose names as Senior Vice President and Assistant Secretary, respectively, of The Travelers Insurance Company, a corporation, are signed to the foregoing conveyance and who are known to me, acknowledged before me this day that, being informed of the contents of the conveyance, they, as such officers and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 1st day of December, 1965.

[Signature]  
Notary Public (R. M. Starkey)

My commission expires:  
April 1, 1970

Alabama  
STATE OF TENNESSEE  
COUNTY OF Jefferson

I, Elice Cuthen, a Notary Public in and  
for said County in said State, hereby certify that C. E. Ogden  
and Robert L. Wright, whose names as Vice-President and  
Asst. Secretary, respectively, of Hiwassee Land Company are  
signed to the foregoing conveyance and who are known to me, acknowledged  
before me this day that, being informed of the contents of the conveyance,  
they, as such officers and with full authority, executed the same voluntarily  
for and as the act of said corporation.

Given under my hand and seal of office this 15<sup>th</sup> day of December  
1965.

Elice Cuthen  
Notary Public

My commission expires:

May 27, 1966

STATE OF ALABAMA, CHILTON COUNTY.  
I hereby certify that the within conveyance was filed  
in this office for record 12-16, 1965  
at 1:15 o'clock P. M., and recorded in  
Record 538 page 27 and examined  
Oct 119.00 W. A. Hays  
Fees \$9.75 Judge of Probate



STATE OF ALABAMA  
SHELBY COUNTY  
ACT NO. 769  
I hereby certify that no Death Tax has been col-  
lected on this instrument.

Conrad M. Sealer  
Judge of Probate

"TAX EXEMPT"

STATE OF ALA. SHELBY CO.  
I CERTIFY THIS INSTRUMENT  
WAS FILED ON 8 PM  
12/22, 1965  
RECORDED & PAID TAX  
& \$ 1.00 TAX PAID  
PD. ON THIS INSTRUMENT.  
Conrad M. Sealer  
JUDGE OF PROBATE

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