

1267

LEASE AGREEMENT

between

**THE INDUSTRIAL DEVELOPMENT BOARD
OF SHELBY COUNTY**

and

COOK PUBLICATIONS, INC.

Dated as of May 1, 1984

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Relating to

\$800,000

**THE INDUSTRIAL DEVELOPMENT BOARD
OF SHELBY COUNTY**

**Industrial Development Revenue Bonds
(Cook Publications, Inc. Project)
Series 1984**

NORTH HASKELL SLAUGHTER YOUNG & LEWIS
PROFESSIONAL ASSOCIATION
800 FIRST NATIONAL-SOUTHERN NATURAL BUILDING
BIRMINGHAM, ALABAMA 35203

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LEASE AGREEMENT between THE INDUSTRIAL DEVELOPMENT BOARD OF SHELBY COUNTY, a public corporation organized and existing under the laws of the State of Alabama, party of the first part (herein called the "Board"), and COOK PUBLICATIONS, INC., a corporation organized and existing under the laws of the State of Alabama, party of the second part (herein called the "Company"),

RECITALS

Pursuant to this Lease Agreement the Board is undertaking to acquire, construct and install the "Project" hereinafter defined and the Company is undertaking to lease said Project from the Board for use in its printing and publishing business. In order to finance the costs of acquiring, constructing and installing said Project, the Board will issue \$800,000 principal amount of its Industrial Development Revenue Bonds (Cook Publications, Inc. Project), Series 1984 (herein called the "Series 1984 Bonds"), under a Mortgage and Trust Indenture dated as of May 1, 1984 (herein called the "Indenture"), between the Board and AmSouth Bank N.A., as Trustee (herein called the "Trustee"). In order to secure the payment by the Company of debt service rentals under this Lease Agreement sufficient to provide for the payment, when due, of the principal of and the interest and premium (if any) on the Series 1984 Bonds, and to secure the performance by the Company of its other obligations under this Lease Agreement, certain shareholders of the Company and their spouses will mortgage the real property on which the Project is to be located to the Board, and the Company will grant a security interest in certain existing equipment to the Board. In order to secure the payment of the principal of and the interest and premium (if any) on the Series 1984 Bonds, the Board will mortgage the Project in the Indenture and pledge and assign thereunder the Board's interest in said mortgage and security interest and the Board's interest in this Lease Agreement (other than certain expense payment and indemnification rights and certain rights which are herein expressly provided to be exercised by the Board), including particularly the "Basic Rent" payable hereunder by the Company for the use of said Project. Through separate guaranty agreements with the Trustee, the full and prompt payment of the principal of and the interest and premium (if any) on the Series 1984 Bonds will be guaranteed to the Trustee by the Company and by a principal stockholder of the Company.

NOW, THEREFORE, THIS LEASE AGREEMENT

WITNESSETH:

That in consideration of the respective representations, warranties and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Section 1.1 Definitions. Unless the context clearly indicates a different meaning, the following words and phrases, as used herein, shall have the following respective meanings:

"Act" means the statutes codified as Code of Alabama 1975, Title 11, Chapter 20, Article 2, as amended and supplemented and at the time in force and effect.

"Additional Bonds" means bonds of the Board authorized in Article VIII of the Indenture to be issued thereunder and secured thereby on a parity with the Series 1984 Bonds.

"Affiliate" of any designated Person means any Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such designated Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities or by contract or otherwise.

"Authorized Board Representative" means the person or persons at the time designated as such by written certificate furnished to the Company and the Trustee, containing the specimen signature or signatures of such person or persons and signed on behalf of the Board by the Chairman or the Vice Chairman of its Board of Directors; provided, however, that no director, officer or employee of the Company or any Affiliate thereof may at any time be designated as an Authorized Board Representative.

"Authorized Company Representative" means the person or persons at the time designated as such by written certificate furnished to the Board and the Trustee, containing the specimen signature or signatures of such person or persons and signed on behalf of the Company by the President or any Vice President thereof.

"Basic Agreements" means the Lease, the Indenture, the Cook Mortgage, the Series 1984 Company Guaranty and the Series 1984 Shareholder Guaranty, as such instruments may from time to time be amended or supplemented in accordance with their respective terms or the terms of the Indenture, as in the case may be applicable.

"Basic Rent" means (i) the moneys payable by the Company pursuant to the provisions of Section 5.2 hereof, (ii) any other moneys payable by the Company pursuant to the Lease to provide for the payment of the principal of and the interest and premium (if any) on the Bonds (other than the aforesaid moneys payable pursuant to Section 5.2 hereof), and (iii) any other moneys payable by the Company pursuant to the Lease that are therein referred to as Basic Rent.

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"Board" means the party of the first part hereto and, subject to the provisions of Section 11.6 of the Indenture, includes its successors and assigns and any public corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Bond Counsel" means Independent Counsel whose opinions respecting the legality or validity of securities issued by or on behalf of states or political subdivisions thereof are nationally recognized.

"Bond Fund" means the Cook Publications, Inc. Bond Principal and Interest Fund created in Section 10.1 of the Indenture and consisting of two accounts, the Primary Account and the Escrow Account.

"Bond Payment Date" means the twentieth day of each calendar month, commencing with July 20, 1984, on which any principal or interest with respect to the Bonds shall mature and be due and payable or on which any principal amount of the Bonds shall be required by the Indenture to be redeemed prior to the stated maturity thereof.

"Bonds" means all bonds of the Board issued under the Indenture.

"Certified Resolution" means a resolution adopted by the Board of Directors of the Company and certified by the Secretary or an Assistant Secretary of the Company to be true, correct and in full force and effect.

"Chase Security Agreement" means that certain Security Agreement executed as of December 10, 1980, by The Sun Papers, Inc. and Rockwell Graphic Systems, Inc., which said Security Agreement has been assigned to Chase Commercial Corporation, as said Security Agreement now exists and as it may hereafter be supplemented and amended.

"Code" means the Internal Revenue Code of 1954, as amended and at the time in force and effect.

"Company" means the party of the second part hereto and, subject to the provisions of Section 8.4 hereof, includes its successors and assigns and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Completion Date" means the date on which the completion of the Project Improvement Work and the satisfaction of the other conditions referred to in Section 4.6 hereof are certified to the Trustee and the Board in accordance with the provisions of said Section 4.6.

"Component Completion Date", when used with reference to any part of the Project constituting a "project" within the meaning of §1.266-1(c) of the United States Treasury Regulations or successor regulations under Section 266 of the Code, means the date on which an election to capitalize expenditures with respect to such "project" would no longer be effective under Section 266 of the Code.

"Construction Fund" means the Cook Publications, Inc. Construction Fund created in Section 9.2 of the Indenture.

"Cook Mortgage" means that certain Mortgage and Security Agreement dated as of May 1, 1984, between the Company, Arthur P. Cook and wife, Margaret B. Cook, and A. Philip Cook, Jr. and wife, Deane P. Cook, parties of the first part, and the Board, party of the second part, pursuant to which the Company has granted to the Board a security interest in the Existing Equipment and said individuals have mortgaged the Project Realty to the Board, as said Mortgage and Security Agreement now exists and as it may hereafter be supplemented and amended.

"Counsel" means any attorney duly admitted to practice before the highest court of any state of the United States of America or the District of Columbia (including any officer or full-time employee of the Board, the Company or an Affiliate of either thereof who is so admitted to practice), it being understood that "Counsel" may also mean a firm of attorneys all of whose members are so admitted to practice.

"County" means Shelby County, Alabama, or any political subdivision of the State succeeding to the powers thereof.

"Easement and License Agreement" means that certain Easement and License Agreement dated as of May 1, 1984, between Arthur P. Cook and wife, A. Philip Cook, Jr. and wife and the Board, pursuant to which said persons have granted an easement and certain licenses to the Board in connection with the Board's ownership of the Project.

"Eligible Certificates" means certificates of deposit issued by any bank organized under the laws of the United States of America or any state thereof and having, at the time of the acquisition by the Board of such certificates of deposit, combined capital, surplus and undivided profits of not less than \$10,000,000.

"Eminent Domain", when used herein with reference to any taking of property, means the power (actual or claimed) of any governmental authority or any person, firm or corporation acting under governmental authority (actual or claimed) to take such property, and for purposes of the Lease, a taking of property under the exercise of the power of Eminent Domain shall include a conveyance made, or a use granted or taken, under either the threat or the fact of the exercise of governmental authority.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended and at the time in force and effect.

"ERISA Affiliate" means any corporation or other Person which is considered to be under common control with the Company for purposes of Section 4001(b) of ERISA.

"Event of Default" means an "Event of Default" as specified in Section 10.1 hereof.

"Existing Equipment" means all items (whether or not fixtures) of machinery, equipment and other personal property constituting a portion of the Project Equipment that are listed in Exhibit A attached hereto and made a part hereof.

"Federal Securities" means (i) any debt securities that are direct obligations of the United States of America, and (ii) any debt securities payment of the principal of and the interest on which is conditionally guaranteed by the United States of America.

"fully paid", "payment in full", or any similar expression with respect to the Indenture Indebtedness, means that the entire Indenture Indebtedness has been paid in full or duly provided for pursuant to Section 16.1 of the Indenture and that the lien of the Indenture has been cancelled, satisfied and discharged in accordance with the provisions of said Section 16.1 thereof.

"Governmental Unit" means "governmental unit" within the meaning of Section 103(k) of the Code and the applicable regulations thereunder.

"Holder", when used in conjunction with a Bond, means the Person in whose name such Bond is registered on the registry books of the Trustee pertaining to the Bonds.

"Indenture" means the Mortgage and Trust Indenture between the Board and AmSouth Bank N.A., as Trustee, dated as of May 1, 1984, under which (i) the Series 1984 Bonds are authorized to be issued, and (ii) the Board's interest in this Lease Agreement and the revenues and receipts to be derived by the Board from any leasing or sale of the Project are to be assigned and the Project is to be mortgaged as security for payment of the principal of and the interest and premium (if any) on the Bonds, as said Mortgage and Trust Indenture now exists and as it may hereafter be supplemented and amended.

"Indenture Indebtedness" means all indebtedness of the Board at the time secured by the Indenture, including, without limitation, (i) all principal of and interest and premium (if any) on the Bonds and (ii) all reasonable and proper fees, charges and disbursements of the Trustee for services performed under the Indenture.

"Independent Appraiser" means a person, firm or corporation not regularly employed or retained by the Board, the Company or an Affiliate of either thereof and regularly engaged in the business of appraising real or personal property (as appropriate to the property being appraised or valued) and otherwise competent, in the opinion of the Trustee, to determine the value of the property in question.

"Independent Counsel", when used to describe Counsel who is an individual attorney, means that he is not an officer or full-time employee of the Board, the Company or an Affiliate of either thereof and, when used to describe Counsel consisting of a firm of attorneys, means that none of the members of such firm is an officer or full-time employee of the Board, the Company or an Affiliate of either thereof.

"Independent Engineer" means an engineer or engineering firm licensed to engage in the independent practice of engineering under the laws of the State of Alabama and not regularly employed or retained by the Board, the Company or an Affiliate of either thereof.

"Inducement Agreement" means that certain Inducement and Loan Agreement, dated as of February 1, 1984, between the Board and the Company, in which the Board agreed, among other things, to acquire, improve and equip the Project, to issue the Series 1984 Bonds to finance the costs of such undertakings and to lease the Project to the Company.

"Jefferson Federal Mortgage" means those certain Mortgages from Arthur P. Cook and A. Philip Cook, Jr. to Jefferson Federal Savings and Loan Association of Birmingham, which are recorded in the office of the Judge of Probate of Shelby County, Alabama, in Mortgage Book 350, at page 492 et seq., and in Mortgage Book 380, at page 831 et seq., as said Mortgages now exist and as they may hereafter be supplemented and amended

"Lease" or "this Lease Agreement" means this Lease Agreement as it now exists and as it may from time to time be modified, supplemented or amended as permitted by Article XV of the Indenture.

"Lease Term" means the period beginning on the date of the delivery of this Lease Agreement and continuing until 11:59 o'clock, P.M., June 1, 1994.

"Local Facilities" means "facilities" [as the term "facilities" is used in Section 103(b)(6) of the Code and the applicable regulations thereunder] of which the Company or a Related Person thereto is or will be the Principal User and which are located wholly within the political boundaries of the County. For purposes of this definition, a contiguous or integrated "facility" located on both sides of the border between any two or more political jurisdictions shall be considered as being located wholly within each such political jurisdiction.

"Net Condemnation Award" means the total amount received as compensation for any part of the Project taken under the exercise of the power of Eminent Domain, plus damages to any part of the Project not taken (including any compensation referable to the interest of the Company in the part of the Project taken and as damages to the interest of the Company in any part thereof not taken, but not including any compensation belonging to the Company pursuant to the provisions of Section 7.4 hereof), which compensation shall consist of (i) all awards received pursuant to administrative or judicial proceedings conducted in connection with the exercise of the power of Eminent Domain, plus (ii) all amounts received as the result of any settlement of compensation claims (whether in whole or in part) negotiated with the condemning authority, less (iii) all attorneys' fees and other expenses incurred in connection with the receipt of such compensation, including attorneys' fees and expenses relating to such administrative or judicial proceedings and to such settlement negotiations (other than any that may be paid directly by the Company).

"Net Insurance Proceeds" means the total insurance proceeds recovered by the Board, the Company and the Trustee on account of any damage to or destruction of the Project or any part thereof, less all expenses (including attorneys' fees and any extraordinary expenses of the Trustee) incurred in the collection of such proceeds.

"New Equipment" means (i) all items (whether or not fixtures) of furniture, furnishings, machinery, equipment or other personal property the costs of which, in whole or in part, have been or are to be paid by the Board out of the

proceeds of any of the Bonds and (ii) all items (whether or not fixtures) of furniture, furnishings, machinery, equipment or other personal property at any time installed in the Project Building or elsewhere on the Project Site that are acquired by the Board in substitution for or replacement of property theretofore constituting part of the New Equipment and that, under the provisions of the Lease and the Indenture, are to constitute part of the New Equipment. As of the delivery of this Lease Agreement, the Project Equipment is expected to consist of those items (whether or not fixtures) of furniture, furnishings, machinery, equipment or other personal property that are generally described in Exhibit B attached hereto and made a part hereof.

"outstanding", when used with reference to any of the Bonds, means, at any date as of which the amount of such Bonds outstanding is to be determined, all such Bonds which have been theretofore authenticated and delivered by the Trustee under the Indenture, except (i) those of such Bonds purchased for retirement which have been delivered to and cancelled by the Trustee, (ii) those of such Bonds cancelled by the Trustee because of payment at or after their respective maturities or redemption prior to their respective maturities, (iii) those of such Bonds for the payment or redemption of which provisions shall have been made with the Trustee as provided in Section 16.1 of the Indenture, and (iv) those of such Bonds in exchange for which, or in lieu of which, other Bonds have been authenticated and delivered under the Indenture. In determining whether the holders of a requisite aggregate principal amount of outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Indenture, Bonds which are owned by the Company or any Affiliate thereof shall be disregarded and deemed not to be outstanding hereunder for the purpose of any such determination.

"Permitted Encumbrances" means, as of any particular time, any of the following: (i) the Lease and the Indenture; (ii) the security interest created by the Chase Security Agreement; (iii) the Jefferson Federal Mortgage; (iv) the Cook Mortgage; (v) liens imposed by law, such as mechanics', workmen's, materialmen's, carriers' and other like liens arising in the ordinary course of business, securing obligations which are not overdue or which are being contested in good faith and by appropriate proceedings (so long as there have been set aside on the books of the Company with respect to any such obligation so contested reserves which are adequate in the opinion of the officers of the Company); (vi) liens for property taxes not delinquent or for taxes which are being contested in good faith and by appropriate proceedings (so long as there shall have been set aside on the books of the Company with respect to any such taxes so contested reserves which are adequate in the opinion of the officers of the Company); (vii) attachments remaining undischarged for no longer than thirty (30) days after written or actual notice thereof has been received by the Company or in connection with litigation which is being defended in good faith and by appropriate proceedings; (viii) liens in respect of judgments or awards relative to claims which (A) are fully covered by insurance, or (B) have been in force for less than the applicable appeal period, provided execution is not levied thereunder, and/or (C) with respect to which an appeal or proceeding for review is being prosecuted in good faith and a stay of execution has been obtained pending such appeal or review; and (ix) utility, access, drainage and other easements and rights-of-way, mineral rights, covenants running with the land, zoning restrictions, environmental regulations and other restrictions and encumbrances affecting the use of real property, or minor irregularities in the title to real property, none of the foregoing of which, individually or in the aggregate, materially impair the title of the Board to

any part of the Project or the use of the Project for the purpose for which it was acquired or is held by the Board.

"Person" means any natural person, corporation, partnership, trust, government or governmental body, political subdivision, or other legal entity as in the context may be possible or appropriate.

"premium", when used with reference to the redemption or purchase for retirement of any of the Bonds, means the amount (if any) by which the redemption or purchase price (in all cases exclusive of accrued interest) of such Bonds exceeds the principal of the Bonds so redeemed or purchased for retirement, as the case may be.

"Prime Rate" means at any time the rate of interest most recently established by the Series 1984 Original Purchaser, irrespective of whether it is then the Trustee, as the prime rate of such bank and evidenced by the recording thereof in such internal publication or record with respect to such rate as shall from time to time be maintained by such bank.

"Principal User" means, with respect to any "facilities" [as the term "facilities" is used in Section 103(b)(6) of the Code], a "principal user" of such "facilities" within the meaning of Section 103(b)(6) of the Code and the applicable regulations thereunder.

"Project" means (i) the easements, licenses, rights and other interests in the Project Site, the Project Building and the Existing Equipment granted to the Board in the Easement and License Agreement or otherwise acquired by the Board as a location for or to provide access to any of the New Equipment, (ii) the Project Improvements (subject to the disposition thereof pursuant to the provisions of Section 4.8 of the Lease) and (iii) the New Equipment, as they may at any time exist, and all other property and rights of every kind that are or become subject to the demise of the Lease.

"Project Building" means the printing and distribution facility and related improvements which are located on the Project Site, as such building and related improvements may at any time exist.

"Project Equipment" means the Existing Equipment and the New Equipment, as the same may at any time exist.

"Project Improvement Costs" means the following: (i) all costs and expenses incurred in connection with the planning, development and design of the Project, including the costs of preliminary investigations, surveys, estimates and plans and specifications; (ii) all costs of acquiring, preparing and landscaping the Project Site in connection with the Project Improvements; (iii) all costs and expenses of improving the Project Building, including the cost to the Company of supervising construction, payments to contractors and materialmen and fees for professional or other specialized services; (iv) all costs and expenses of acquiring the New Equipment and of installing the same in or about the Project Building or elsewhere on the Project Site and all costs of repairing, upgrading and improving the Existing Equipment; (v) the costs of contract bonds and of insurance of all kinds which may be

necessary or desirable in connection with the Project Improvement Work and which are not paid by any contractor or otherwise provided for; (vi) all expenses incurred in connection with the issuance and sale of the Series 1984 Bonds, including (without limitation) all legal, accounting, financial, underwriting, printing, recording and filing fees and expenses and the initial charge of the Trustee; (vii) the charges of the Trustee for the disbursement of moneys from the Construction Fund; (viii) all other costs which the Board shall be required to pay, under the terms of any contract or contracts, in connection with the Project Improvement Work; (ix) interest paid or incurred prior to the issuance of the Series 1984 Bonds on obligations of the Company for money borrowed to pay any Project Improvement Costs; (x) interest on the Series 1984 Bonds to the extent that the cumulative amount thereof paid out of the proceeds of the Series 1984 Bonds, together with the accrued interest received by the Board upon the sale of the Series 1984 Bonds, does not exceed the total interest that will accrue on the Series 1984 Bonds from their date until and including the last to occur of (i) the Completion Date or (ii) May 1, 1986; and (xi) the reimbursement to the Company of all amounts paid directly by the Company in respect of any of the aforesaid costs and expenses and of all amounts advanced by the Company to the Board for the payment of such costs and expenses.

"Project Improvement Work" means (i) the improvement of the Project Site and the Project Building to the extent that the Company deems necessary or desirable and (ii) the planning, design and acquisition of the New Equipment and the installation thereof in or about the Project Building or elsewhere on the Project Site and the repair, upgrading and improvement of the Existing Equipment, all in accordance with the provisions hereof.

"Project Improvements" means the improvements to the Project Realty and the Existing Equipment that are required to be undertaken by this Lease Agreement, but shall not be deemed to include the New Equipment.

"Project Realty" means the Project Site and the Project Building.

"Project Site" means (i) the parcel of land specifically described under the heading "T" in Section 3.1 hereof (to the extent that such parcel is at the time subject to the demise hereof) and (ii) any other land that, at the time and under the terms hereof, constitutes a part of the Project Site.

"Public Securities" means bonds, notes or other obligations of a state, territory or a possession or any political subdivision of the United States of America or any political subdivision of any of the foregoing or of the District of Columbia.

"Qualifying Project Improvement Costs" means Project Improvement Costs that are expended solely for the purpose of acquiring, constructing, reconstructing or improving land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6) of the Code and the applicable regulations thereunder, including (without limitation) the following: (a) all Project Improvement Costs described in clauses (i), (ii), (iii), (iv) and (v) of the definition of Project Improvement Costs herein to the extent that such costs are properly chargeable by the Company to capital account or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such costs in the computation of its federal income tax; (b) with respect to

that proportionate part of the Series 1984 Bonds the proceeds of which are used to pay the costs of acquiring, constructing and installing any portion of the Project constituting a "project" as such term is used in the definition of Component Completion Date,

(i) property taxes assessed against such "project" during the period from the commencement of acquisition or construction thereof until the Component Completion Date pertaining thereto,

(ii) interest on obligations of the Company for money borrowed to pay the costs of acquiring, constructing and installing such "project" to the extent that such interest accrued during the period from the commencement of acquisition or construction of such "project" until the earlier of the Component Completion Date with respect thereto or the issuance of the Series 1984 Bonds, and

(iii) with respect to the proportionate part of the Series 1984 Bonds the proceeds of which are used to pay the costs of acquiring, constructing and installing such "project," interest on such part of the Series 1984 Bonds during the period beginning with the issuance of the Series 1984 Bonds or the commencement of acquisition or construction of such "project", whichever date occurs later, and continuing until the Component Completion Date with respect thereto; and

(c) all amounts necessary to reimburse the Company (without duplication of any amounts paid by the Board out of the proceeds of the Series 1984 Bonds) for moneys paid or advanced by the Company for any of the aforesaid costs and expenses.

"Related Person", when used with reference to any Principal User or any Substantial User, means a "related person" within the meaning of Section 103(b)(6) of the Code and the applicable regulations thereunder.

"Series 1984 Bonds" means those certain Industrial Development Revenue Bonds (Cook Publications, Inc. Project), Series 1984, authorized to be issued under the Indenture in the principal amount of \$800,000.

"Series 1984 Company Guaranty" means that certain Guaranty Agreement dated as of May 1, 1984, between the Company and the Trustee in and by which the Company has unconditionally guaranteed the payment by the Board of the principal of and the interest and premium (if any) on the Series 1984 Bonds and has agreed to pay or discharge certain other obligations relating to the Series 1984 Bonds, as such Guaranty Agreement may from time to time be amended in accordance with the provisions thereof.

"Series 1984 Determination of Taxability" means a determination that the interest income on the Series 1984 Bonds is subject to federal income taxation as a result of an Series 1984 Event of Taxability, which determination shall be deemed to have been made upon the first to occur of the following:

(a) the date on which the Company shall file a statement with the Trustee to the effect that the interest income on the Series 1984 Bonds is

subject to federal income taxation, which statement shall be accompanied (i) by such documentation as shall be necessary to confirm the occurrence of an Series 1984 Event of Taxability and (ii) by an opinion of Independent Counsel acceptable to the Trustee that the interest income on the Series 1984 Bonds is subject to federal income taxation as a result of the occurrence of an Series 1984 Event of Taxability; or

(b) the date on which the Company or the Holder or any former Holder of any of the Series 1984 Bonds shall be advised by private ruling, technical advice or any other written communication from an authorized official of the Internal Revenue Service that, based upon any filings of the Company, or upon any review or audit of the Company, or upon any other grounds whatsoever, a Series 1984 Event of Taxability has occurred; or

(c) the date on which the Company shall receive notice from the Holder or any former Holder of any of the Series 1984 Bonds in writing that such Holder or former Holder has been advised (i) that the Internal Revenue Service has assessed as includable in the gross income of such Holder or former Holder the interest on the Series 1984 Bonds due to the occurrence of a Series 1984 Event of Taxability or (ii) by any authorized official of the Internal Revenue Service that the interest on the Bonds is includable in the gross income of such Holder or former Holder due to the occurrence of a Series 1984 Event of Taxability; or

(d) the date on which the Holder or any former Holder of any of the Series 1984 Bonds shall determine in good faith, evidenced by an opinion of Independent Counsel, that a Series 1984 Event of Taxability has occurred.

"Series 1984 Event of Taxability" means any event, occurrence, condition or circumstance which is the cause of, or which results in, the interest income on any of the Series 1984 Bonds being or becoming subject to federal income taxation, including, without limitation, any of the following events, occurrences, conditions or circumstances:

(a) the Series 1984 Bonds constitute "arbitrage bonds" within the meaning of Section 103(c) of the Code; or

(b) the taking of any action by the Board or the Company, or the failure of the Board or the Company to take any action, or any mistake in or untruthfulness of any representation of the Board or the Company contained in the Lease or in any certificate of the Board or the Company delivered pursuant to the Lease or the Indenture or in connection with the issuance of the Series 1984 Bonds, if such action or omission, or such mistake in or untruthfulness of such representation, has the effect of causing the interest on the Series 1984 Bonds to be or become subject to federal income taxation; or

(c) a change in federal tax law or the applicable regulations thereunder or any other change in law occurring after the issuance of the Series 1984 Bonds; or

(d) a final adjudication by a court of competent jurisdiction from which no further appeal exists, binding upon the Company or the Board or, if not binding upon the Company or the Board, applicable to the Series 1984 Bonds in the opinion of Independent Counsel acceptable to the Trustee, that the Board lacks the power to issue the Series 1984 Bonds or to enter into the Lease or the Indenture or that the Series 1984 Bonds are otherwise invalid for any reason whatsoever, including, without limitation, any invalidity or irregularity in any proceeding relating to the issuance thereof;

provided that no Series 1984 Event of Taxability shall be deemed to have occurred with respect to any Series 1984 Bond if the interest thereon shall be subject to federal income taxation for any period solely because during that period such Series 1984 Bond was held by a Person who is a Substantial User of the Project or by a Related Person.

"Series 1984 Guaranties" means the Series 1984 Company Guaranty and the Series 1984 Shareholder Guaranty.

"Series 1984 Investment Proceeds" means the net income derived from the investment and reinvestment of proceeds of the Series 1984 Bonds (including income derived from the investment and reinvestment of previously derived income), it being understood that such net income shall consist of the aggregate interest received from investments plus any profit actually realized from the purchase of investments at a discount, less any accrued interest and any premium paid as part of the purchase price of any investments. As used herein the term "Series 1984 Investment Proceeds" includes the net income derived from the investment of moneys transferred from the Construction Fund to the Bond Fund Escrow Account, as well as the net income derived from the investment of moneys held in the Construction Fund.

"Series 1984 Issuance Expenses" means the expenses of issuing the Series 1984 Bonds to the extent, and only to the extent, that, in determining the amounts of the "proceeds" of the Series 1984 Bonds for purposes of the "substantially all" test provided by Treasury Regulations §1.103-8(a)(1)(i) and §1.103-10(b)(1)(ii), such expenses are properly deductible from the aggregate amount (excluding accrued interest) received by the Board from the sale of the Series 1984 Bonds.

"Series 1984 Original Purchaser" means AmSouth Bank N.A., the original purchaser of the Series 1984 Bonds from the Board.

"Series 1984 Principal Proceeds" means the aggregate amount (excluding accrued interest, if any) received by the Board from the sale of the Series 1984 Bonds and the Lease, less the Series 1984 Issuance Expenses.

"Series 1984 Shareholder Guaranty" means that certain Guaranty Agreement dated as of May 1, 1984, between the Shareholder and the Trustee in and by which the Shareholder has unconditionally guaranteed the payment by the Board of the principal of and the interest and premium (if any) on the Series 1984 Bonds and has agreed to pay or discharge certain other obligations relating to the Series 1984 Bonds and the Lease, as such Guaranty Agreement may from time to time be amended in accordance with the provisions thereof.

"Series 1984 Taxability Redemption Date" means the redemption date on which all then outstanding Series 1984 Bonds are required to be redeemed, pursuant to the provisions of subsection (b) of Section 7.5 of the Indenture, as the result of a Series 1984 Determination of Taxability.

"Shareholder" means A. Philip Cook, Jr. and includes his heirs, legal representatives, successors and assigns.

"Substantial User" means, with respect to any "facilities" [as the term "facilities" is used in Section 103(b)(6) of the Code], a "substantial user" of such "facilities" within the meaning of Section 103(b)(9) of the Code and the applicable regulations thereunder.

"Tangible Net Worth" means, as of the date of any determination thereof, the amount by which the sum of the amounts then appearing on the balance sheet of the Company as (i) the par value or stated value of all outstanding capital stock and (ii) capital, paid-in and earned surplus plus earnings retained in the business shall exceed the sum, without duplication, of (A) any deficit in any surplus account, (B) the aggregate amount of all assets then appearing on such balance sheet which under generally accepted accounting principles would be classified as intangibles, including, without limitation, treasury stock, unamortized debt discount and expense, good will, trademarks, trade names, patents and deferred charges, (C) the aggregate amount of all write-ups after December 31, 1983, in the book value of assets shown on the Company's balance sheet as of such date plus the aggregate amount of all write-ups in the book value of assets acquired by the Company after such date to the extent that such write-ups exceed the respective costs of the assets so written-up, and (D) the balance sheet value of any obligation due the Company if the terms thereof permit the payment of such obligation to be subordinated to the payment of any other indebtedness of the Person owing such obligation to the Company, all as determined in accordance with generally accepted accounting principles.

"Trustee" means the Trustee at the time serving as such under the Indenture.

"United States Corporation" means a corporation organized under the laws of the United States of America, one of the States thereof or the District of Columbia.

Section 1.2 Definitions Contained in the Indenture. Unless the context clearly indicates a different meaning, any words, terms or phrases that are used in the Lease as defined terms without being herein defined and that are defined in the Indenture shall have the meanings respectively given them in the Indenture.

Section 1.3 Use of Phrases. "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to the Lease as an entirety and not solely to the particular portion in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 **Representations and Warranties by the Board.** The Board makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) **Organization.** The Board is a public corporation duly organized and validly existing under the provisions of the Act, as now existing, by reason of its certificate of incorporation duly filed for record in the office of the Judge of Probate of Shelby County, Alabama, which certificate of incorporation has not been amended, rescinded or revoked and is in full force and effect; and the Board is not in default under any of the provisions contained in said certificate of incorporation, as amended, or its bylaws or in the laws of the State of Alabama. The Board has not initiated any proceedings or taken any action for its dissolution.

(b) **Litigation.** There are no actions, suits or proceedings pending (nor, to the knowledge of the Board, are any actions, suits or proceedings threatened) against or affecting the Board or any property of the Board in any court, or before an arbitrator of any kind, or before or by any governmental body, which might materially and adversely affect the transactions contemplated by this Lease Agreement or which might adversely affect the validity or enforceability of this Lease Agreement or any other agreement or instrument to which the Board is or is to be a party relating to the transactions contemplated by this Lease Agreement.

(c) **Sale and Other Transactions are Legal and Authorized.** The sale and issuance of the Series 1984 Bonds, the execution and delivery of this Lease Agreement and the Indenture, and the compliance with all the provisions of each thereof and of the Series 1984 Bonds by the Board (i) are within the power and authority of the Board, (ii) will not conflict with or result in a breach of any of the provisions of, or constitute a default under, or result in or require the creation of any lien or encumbrance (other than Permitted Encumbrances) upon any property of the Board under, the Act, the certificate of incorporation or the bylaws of the Board, any agreement or other instrument to which the Board is a party or by which it may be bound, or any license, judgment, decree, order, law, statute, ordinance or governmental regulation applicable to the Board, and (iii) have been duly authorized by all necessary corporate action on the part of the Board.

(d) **Governmental Consents.** Neither the nature of the Board, nor any of its activities or properties, nor any relationship between the Board and any other Person, nor any circumstance in connection with the offering, sale, issuance or delivery of any of the Series 1984 Bonds is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any governmental body on the part of the Board in connection with the execution, delivery and performance of either this Lease Agreement or the Indenture or the offering, sale, issuance or

delivery of any of the Series 1984 Bonds, other than (i) the filing with the Alabama Securities Commission of the notification of the Board's intention to issue the Series 1984 Bonds required by Act No. 586 enacted at the 1978 Regular Session of the Legislature of the State of Alabama (codified as Code of Alabama 1975, §§8-6-110 to 8-6-122, inclusive) and the issuance by the Director of the Alabama Securities Commission of such Certificate of Notification as may be required by said Act No. 586 in connection with the issuance of the Series 1984 Bonds, (ii) the due filing and/or recording of the Lease and the Indenture, (iii) the due filing of requisite Uniform Commercial Code financing statements and (iv) the approval of the issuance of the Series 1984 Bonds by the County as more fully described in subsection (e) of this section. The Board has filed with the Alabama Securities Commission the notification of its intention to issue the Series 1984 Bonds as required by said Act No. 586, and the Director of the Alabama Securities Commission has issued a Certificate of Notification applicable to the issuance of the Series 1984 Bonds. The Certificate of Notification has not been revoked or rescinded by the Alabama Securities Commission and continues in full force and effect.

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(e) Public Approval. The issuance of the Series 1984 Bonds has been approved by the County (the County being the Governmental Unit on behalf of which the Series 1984 Bonds are being issued), said approval having been made by the applicable elected representative of such Governmental Unit after a public hearing following reasonable public notice, all in accordance with the provisions of Section 103(k) of the Code and the applicable regulations thereunder.

(f) No Default. No event has occurred and no condition exists which would constitute an "Event of Default" under the Indenture, as "Event of Default" is therein defined, or which would become such an "Event of Default" with the passage of time or with the giving of notice or both. The Board is not in default under the Act, its certificate of incorporation, as amended, its bylaws, or any agreement or instrument to which it is a party or by which it is bound, or any judgment, order, rule or regulation of any court or other governmental body applicable to it, to the extent in any such case that the default in question would adversely affect the existence of the Board, its corporate power to carry out the transactions contemplated by this Lease Agreement or the validity of any of the Series 1984 Bonds or the security therefor.

(g) The Series 1984 Bonds. The Series 1984 Bonds, when issued and paid for in accordance with this Lease Agreement and the Indenture and when duly authenticated by the Trustee, will constitute legal, valid and binding special obligations of the Board payable solely from the sources provided in the Indenture.

(h) Tax Exempt Status of Series 1984 Bonds. The Board intends for the Series 1984 Bonds to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation under Section 103(b)(6) of the Code, and the Board understands that such exemption constitutes a principal inducement to the purchase of the Series 1984 Bonds by the Series 1984

Original Purchaser and will constitute a principal inducement to the purchase of any of the Series 1984 Bonds by any subsequent purchaser thereof.

(i) Average Maturity of the Series 1984 Bonds. The "average maturity" of the Series 1984 Bonds does not exceed 120 percent of the average reasonably expected economic life of the facilities being financed with the proceeds of the Series 1984 Bonds, all within the meaning of Section 103(b)(14) of the Code and the applicable regulations thereunder.

(j) Nature and Location of Project. The Project will constitute a "Project" within the meaning of the Act, as now existing. As of the delivery of this Lease Agreement, the Project Site is located wholly within the now existing geographic boundaries of the County.

(k) Fulfillment of Purposes of Act. The Board has determined that the issuance of the Series 1984 Bonds, the performance of the Project Improvement Work and the leasing of the Project to the Company will promote industry, develop trade, further the use of the natural and human resources of the State of Alabama and otherwise fulfill the purposes of the Act, as now existing.

Section 2.2 Representations and Warranties by the Company. The Company makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Organization of Company. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Alabama. The Company has the corporate power and authority to own its properties and assets and to carry on its business as now being conducted and has all requisite corporate power to enter into this Lease Agreement and to consummate the transactions contemplated hereby.

(b) Authorization and Validity of this Lease Agreement. The Company has, by all necessary corporate action, duly authorized the execution, delivery and performance of this Lease Agreement, and when duly executed and delivered by the Board, this Lease Agreement will constitute a legal, valid and binding obligation of the Company.

(c) Burdensome and Conflicting Agreements and Charter Provisions. The Company is not a party to any instrument or agreement or subject to any charter or corporate restriction or to any judgment, order, rule or regulation of any court or governmental body which materially and adversely affects, or in the future may (so far as the Company can now foresee) materially and adversely affect the business, prospects, operations, properties, assets or condition (financial or otherwise) of the Company. Neither the execution and delivery of this Lease Agreement, nor the

offering, sale and issuance of any of the Series 1984 Bonds, nor the consummation of the transactions herein contemplated, nor the fulfillment of or compliance with the terms and provisions hereof conflicts with, or results in a breach of, or constitutes a default under, or results in or requires the creation of any lien in respect of any properties or assets of the Company pursuant to, or requires any authorization, consent, approval, exemption or other action by, or any notice to, any Person (other than those already obtained, taken or made and which continue in full force and effect) pursuant to the terms, conditions or provisions of any applicable law, rule, regulation, corporate charter, bylaw, agreement, instrument, judgment or order by which the Company is bound or to which the Company or any of its properties is subject.

(d) Governmental Consents. Neither the nature of the Company, its business or property, nor any relationship between the Company and any other Person nor any circumstance in connection with the offering, sale, issuance or delivery of any of the Series 1984 Bonds is such as to require on the part of the Company any consent, approval, permit, exemption, action, order or authorization of, or filing, registration or qualification with, or with respect to, any court, regulatory agency or other governmental body in connection with the execution and delivery of this Lease Agreement or the offering, sale, issuance or delivery of any of the Series 1984 Bonds (other than those already obtained, taken or made and which continue in full force and effect).

(e) Litigation. There is no action, suit, inquiry, investigation or proceeding pending or overtly threatened against or affecting the Company at law or in equity or before or by any court or governmental body (nor, to the best knowledge and belief of the Company, is there any basis therefor) which might result in any material adverse change in the business, prospects, operations, properties or assets or in the condition (financial or otherwise) of the Company, or which might materially and adversely affect the transactions contemplated by this Lease Agreement, or which might impair the ability of the Company to comply with its obligations hereunder.

(f) No Defaults. No event has occurred and no condition exists which, upon the issuance of any of the Series 1984 Bonds, would constitute an Event of Default or which would become such an Event of Default with the passage of time or with the giving of notice or both. To the best of the knowledge of the Company, no event has occurred and no condition exists which would constitute an "Event of Default" under the Indenture, as "Event of Default" is therein defined, or which would become such an "Event of Default" with the passage of time or with the giving of notice or both. The Company is not in default in any respect under its charter or other constitutive instrument or to the best knowledge of the Company, any agreement or other instrument to which it is a party or by which it is bound, on any judgment, order, rule or regulation of any court or other governmental body applicable to it, to the extent in any such case that the default in question would materially and adversely affect the transactions contemplated by this Lease Agreement or would impair the ability of the Company to comply with its obligations hereunder.

(g) ERISA. The purchase of the Series 1984 Bonds by the Series 1984 Original Purchaser and the issuance and delivery of the Series 1984 Bonds as contemplated hereby will not involve any prohibited transaction within the meaning of Section 4975 of the Code or Section 406 of ERISA or a violation of Section 407 of ERISA. The Company has not incurred any material accumulated funding deficiency within the meaning of ERISA, nor has the Company incurred any material liability to the Pension Benefit Guaranty Corporation established under ERISA (or any successor thereto under ERISA), nor does the Company foresee that it will incur any such material accumulated funding deficiency or material liability in the future, in connection with any employee benefit plan established or maintained by the Company. Based upon ERISA and the regulations and published interpretations thereunder as presently in effect, the Company is presently in compliance in all material respects with the applicable provisions of ERISA, and no "reportable event" [as such term is defined in Section 4043(b) of Title IV of ERISA] has occurred with respect to any employee benefit plan which is maintained for employees of the Company and which is subject to the provisions of Title IV of ERISA.

(h) Licenses, Permits, Etc. The Company possesses adequate licenses and permits, or rights thereto, to conduct its business substantially as now conducted and as presently proposed to be conducted. All licenses, permits or other approvals required in connection with the acquisition, improvement, installation and operation of the Project have been duly obtained and are in full force and effect except for any such licenses, permits or other approvals (i) which are not yet required and which will be duly obtained not later than the time required or (ii) the failure to obtain which will not materially and adversely affect the acquisition, construction, installation and operation of the Project.

(i) Project's Compliance with Statutes and Regulations. To the best of the knowledge and judgment of the Company, the operation of the Project for the purpose for which it was designed and acquired will not conflict with any zoning, planning or similar regulations applicable thereto and will comply in all material respects with all applicable statutes, regulations, orders and restrictions, including any thereof relating to the control of air and water pollution.

(j) Full Disclosure. Neither any information furnished by the Company to the Series 1984 Original Purchaser in connection with the sale and issuance of the Series 1984 Bonds and the other transactions contemplated by this Lease Agreement, nor the representations and warranties made by the Company in this Lease Agreement or in any document in writing furnished by the Company to the Series 1984 Original Purchaser in connection with the transactions contemplated hereby, contain (except to the extent, as to any such representation or warranty not made in this Lease Agreement or in a document required to be furnished pursuant to this Lease Agreement, corrected in any other written communication subsequently furnished by the Company to the Series 1984 Original Purchaser prior to the execution and delivery of this Lease Agreement) any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein, in light of the circumstances in which they were made, not misleading at the times they were made. There is no fact known to the Company or which in the exercise of reasonable

diligence should have been known to the Company which the Company has not disclosed to the Series 1984 Original Purchaser in writing prior to the execution and delivery of this Lease Agreement which materially adversely affects or, so far as the Company can now in the exercise of its reasonable business judgment foresee, will materially adversely affect the Project, the condition (financial or otherwise) of the Company or the ability of the Company to perform its obligations hereunder or under any agreement contemplated hereby.

(k) Date of Acquisition of Project. Except for those items of the Project Equipment listed on Exhibits A and B hereto and designated by an asterisk (*), no property which constitutes or is to constitute part of the Project Improvements was acquired by the Board or by the Company or any Related Person thereto prior to the effective date of the Inducement Agreement.

(l) Nature and Location of Project. The Project will constitute a "Project" within the meaning of the Act, as now existing. As of the delivery of this Lease Agreement, the Project Site is located wholly within the now existing geographic boundaries of the County.

(m) Relationship of Qualifying Project Improvement Costs to Principal Amount of Series 1984 Bonds. Based upon reasonable estimates as of the date of the delivery of this Lease Agreement, those costs of acquiring, improving and installing the Project that constitute Qualifying Project Improvement Costs are expected to amount, in the aggregate, to not less than ninety percent (90%) of the Series 1984 Principal Proceeds.

(n) Use of the Project. As of the date of the delivery of this Lease Agreement, the Company does not have any plans and is not a party to any arrangement which, if consummated, would result in the Project being used by any Principal User other than the Company or a Related Person thereto.

(o) Tax Exempt Status of the Series 1984 Bonds. The Company intends for the Series 1984 Bonds to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation under Section 103(b)(6) of the Code, and the Company understands that such exemption constitutes a principal inducement to the purchase of the Series 1984 Bonds by the Series 1984 Original Purchaser from the Board and will constitute a principal inducement to the purchase of any of the Series 1984 Bonds by any subsequent purchaser thereof.

(p) No Previously Issued Public Securities. Except for the Series 1984 Bonds, no Public Securities have been issued since May 30, 1968, and are now outstanding, the proceeds of which have been or are to be used primarily with respect to Local Facilities.

(q) Inducement to Locate Project in Alabama. The undertakings by the Board to acquire, improve and equip the Project and to lease the same to the Company pursuant to this Lease Agreement have induced the Company to locate a new office, warehouse and distribution facility in the State of Alabama.

(r) Private Offering of the Series 1984 Bonds. Neither the Company nor the Board nor any agent acting on behalf of either of them has offered any of the Series 1984 Bonds for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with any prospective purchasers other than the Series 1984 Original Purchaser. None of the Series 1984 Bonds will be further offered for issuance or sale to anyone, nor will any offers be solicited from anyone to acquire any of the Series 1984 Bonds so as to make the issuance or sale of any of the Series 1984 Bonds a transaction not exempted by Section 4(2) of the Securities Act of 1933, as amended, from the registration requirements of Section 5 of said act.

ARTICLE III

DEMISING CLAUSES

Section 3.1 Demising Clauses. For and during the Lease Term, the Board hereby demises and leases to the Company, subject to Permitted Encumbrances, and the Company hereby rents from the Board, subject to Permitted Encumbrances, the following described properties and related rights:

I

The easements and licenses created by the Easement and License Agreement and which are located in the following described parcel of land situated in the County:

Part of the SW 1/4 of SW 1/4 of Section 30, Township 18 South, Range 1 West, Shelby County, Alabama, being more particularly described as follows:

From the Northwest corner of said 1/4-1/4 section run in a Southerly direction along the West line of said 1/4-1/4 section for a distance of 400.55 feet, thence turn an angle to the left of 90 degrees and run in an Easterly direction for a distance of 825.23 feet to a point on the Southwest right of way line of Cahaba Beach Road which is the point of beginning, thence turn an angle to the right of 145 degrees 59' and run in a Southwesterly direction for a distance of 103.18 feet, thence turn an angle to the left of 28 degrees 57' and run in a Southwesterly direction for a distance of 101.89 feet, thence turn an angle to the right of 89 degrees 30' and run in a Northwesterly direction for a distance of 132.99 feet,

thence turn an angle to the left of 39 degrees 55' and run in a Southwesterly direction for a distance of 73.57 feet, thence turn an angle to the right of 82 degrees 48' and run in a Northwesterly direction for a distance of 16.15 feet, thence turn an angle to the left of 37 degrees 42' and run in a Northwesterly direction for a distance of 68.37 feet, thence turn an angle to the left of 109 degrees 10' and run in a Southwesterly direction for a distance of 215.27 feet, thence turn an angle to the right of 10 degrees 57' and run in a Southwesterly direction for a distance of 100.41 feet, thence turn an angle to the left of 3 degrees 37' and run in a Southwesterly direction for a distance of 149.86 feet, thence turn an angle to the left of 32 degrees 21' and run in a Southwesterly direction for a distance of 29.89 feet, thence turn an angle to the left of 39 degrees 08' and run in a Southeasterly direction for a distance of 78.34 feet, thence turn an angle to the left of 72 degrees 56' and run in a Northeasterly direction for a distance of 37.62 feet, thence turn an angle to the left of 36 degrees 27' and run in a Northeasterly direction for a distance of 115.97 feet, thence turn an angle to the right of 79 degrees 07' and run in a Southeasterly direction for a distance of 165.78 feet, thence turn an angle to the left of 3 degrees 32' and run in a Southeasterly direction for a distance of 329.02 feet to a point on the West right of way line of said Cahaba Beach Road, thence turn an angle to the left and run along said West right of way line for a distance of 532 feet, more or less, to the point of beginning.

II

All permits, easements, licenses, rights-of-way, contracts, leases, privileges, immunities and hereditaments pertaining or applicable to the Project Site and the Project Building and all fixtures now or hereafter owned by the Board and installed on the Project Site or in the Project Building or in any of such other buildings, structures and improvements now or hereafter located on the Project Site, it being the intention hereof that all property, rights and privileges hereafter acquired for use as a part of or in connection with or as an improvement to the Project Site shall be as fully covered hereby as if such property, rights and privileges were now owned by the Board and were specifically described herein; and

III

All items (whether or not fixtures) of furniture, furnishings, machinery, equipment and other personal property that at any time, under the provisions of the Lease, constitute the New Equipment, including, without limitation, the items (whether or not fixtures) of furniture, furnishings, machinery, equipment and other personal property generally described in Exhibit B attached hereto and made a part hereof, excluding, however, any furniture, furnishings, machinery, equipment or other personal property that, under the provisions of the Lease, is, or is to become (prior to the termination of the Lease), the sole property of the Company or third parties.

Section 3.2 Concerning Certain Easements and Licenses. The Company acknowledges that the Project Realty includes certain easements and licenses granted to the Board by the shareholders of the Company (who are the record owners of the Project Realty) and their spouses pursuant to the Easement and License Agreement in order to provide rights of location and access by the Board for New Equipment located on or attached to the Project Realty. It is, therefore, understood and agreed that the lease of such easements and licenses by the Company from the Board pursuant to the Lease will not (i) extinguish any such easement or license through merger thereof with any of said persons' estates in the Project Realty or (ii) in any other way impair or destroy such easements and licenses as separate property interests belonging to the Board. The Company hereby acknowledges the right of the Board to mortgage such easements and licenses under the Indenture as security for the payment of the principal of and interest and premium (if any) on the Bonds and agrees that such easements and licenses shall constitute a part of the Project and, as such, may be sold through foreclosure of the Indenture or otherwise leased or sold pursuant to the remedial provisions of the Indenture.

ARTICLE IV

CONCERNING THE PROJECT IMPROVEMENT WORK; ISSUANCE OF THE SERIES 1984 BONDS

Section 4.1 Performance of the Project Improvement Work. The Board and the Company will undertake and complete, or will cause to be undertaken and completed, the following work with respect to the Project:

(a) the improvement of the Project Site, the Project Building and the Existing Equipment in such manner and to such extent as the Company deems necessary or desirable, and in accordance with detailed plans and specifications to be prepared by the Company and its agents; and

(b) the acquisition and installation, in or about the Project Building or elsewhere on the Project Site, of such items of the New Equipment as shall be specified by the Company (said furniture, furnishings, machinery, equipment and other personal property, as presently envisioned by the Company, being generally described in Exhibit B attached hereto and made a part hereof).

The Board and the Company will use their best efforts to complete the Project Improvement Work, or to cause the same to be completed, as promptly as practicable, delays incident to strikes, riots, acts of God or the public enemy or other acts beyond the reasonable control of the Board or the Company only excepted; provided, however, that no liability on the part of the Board nor any reduction in or postponement of any rentals payable by the Company hereunder shall result from any delay in the completion of any of the Project Improvement Work or from the failure

of such work to be completed in accordance with the plans, specifications and directions furnished by the Company.

The Board acknowledges that the Project Improvement Work is to be accomplished in accordance with the requirements of the Company, and it is therefore agreed and understood that the Company, at any time and from time to time after the delivery of this Lease Agreement, may cause such changes to be made in the design of the improvements to the Project Building and the Existing Equipment or in the design of any other improvements to be constructed on the Project Site as it, in the exercise of its sole judgment, may deem necessary or desirable; provided, however, that (i) the Project Building, as so improved, and such other improvements, as finally constructed, in accordance with the requirements of the Company, shall be of a size and quality substantially equivalent to that contemplated by the Company at the time of the delivery of this Lease Agreement and (ii) the character of the Project Building, as so improved, and such other improvements shall be such as is necessary for the Project to qualify as a "Project" within the meaning of the Act. Further, the Company may, after the delivery of this Lease Agreement, cause such changes to be made in the New Equipment described in Exhibit B hereto, including additions thereto, deletions therefrom and substitutions therefor, as it may desire and as will not cause the Project Equipment, as altered by such changes, to be, in the reasonable judgment of the Company, functionally inferior (insofar as the operation of the Project by the Company is concerned) to the New Equipment described in said Exhibit B. Except as provided in the foregoing provisions of this paragraph, neither the Company nor the Board will cause or permit any changes to be made in the design of the improvements to the Project Building or the Existing Equipment, or in the design of any other improvements to be constructed on the Project Site or in the composition of the Project Equipment. The rights of the Company under this paragraph to cause changes to be made in the New Equipment described in said Exhibit B shall apply only to the selection of such equipment prior to its installation in or about the Project Building or elsewhere on the Project Site, and nothing herein contained shall be construed to enlarge, restrict or otherwise alter the terms and conditions contained in Section 6.2 of this Lease Agreement respecting the removal from the Project Site of any item of the Project Equipment.

The Board will execute and deliver, or cause to be executed and delivered, all contracts, orders, requisitions, instructions and other written instruments and do, or cause to be done, all other acts or things that may be necessary or proper to carry out the Project Improvement Work and to perform fully its obligations under this Lease Agreement. In no event, however, will the Board hereafter enter into any contract with respect to the Project Improvement Work or any part thereof unless there is endorsed thereon a legend indicating that the Company has approved both the form and substance of such contract and such legend is signed on behalf of the Company by an Authorized Company Representative.

The Board acknowledges that, in the Inducement Agreement, it appointed and authorized the Company to act as the agent of the Board in carrying out certain aspects of the Project Improvement Work, and the Board and the Company hereby agree that, subject to the last sentence of this paragraph, all provisions of the

Inducement Agreement respecting the right and authority of the Company to act as agent for the Board shall continue in full force and effect until the Project Improvement Work has been completed. In order to give further assurances to the Company and without derogation of the agency powers conferred upon the Company in the Inducement Agreement, the Board hereby appoints the Company as its true and lawful agent to act on its behalf in connection with the Project Improvement Work, and the Company hereby accepts such agency to act and do all things on behalf of the Board required to carry out such work to completion. The appointment of the Company to act as agent for the Board and the authority thereby conferred on the Company shall irrevocably continue in effect until the Project Improvement Work has been completed in every respect; provided, however, that the Board may, upon the occurrence of an Event of Default and notwithstanding the preceding provisions of this paragraph, terminate both the agency relationship created hereby and that created in the Inducement Agreement.

The Board hereby ratifies and confirms all actions heretofore taken by it pursuant to the Inducement Agreement and assumes and adopts all contracts heretofore entered into by the Company, whether in the name and behalf of the Board or in the name and behalf of the Company, with respect to the Project Improvement Work; provided, however, that any obligation for the payment of money incurred or assumed by the Board with respect to any such contract shall be payable solely from the proceeds derived by the Board from the sale of any of the Bonds, from income earned by the Board from the investment of such proceeds or from any moneys made available to the Board by the Company for the payment of such obligation.

The Board and the Company shall each appoint by written instrument an agent or agents authorized to act for each respectively in any or all matters arising under the Lease or the Indenture which, by the specific terms of the Lease or the Indenture, require action by such agents. Each agent so appointed to act for the Board shall be designated an Authorized Board Representative, and each agent so appointed to act for the Company shall be designated an Authorized Company Representative. Either the Board or the Company may from time to time, by written notice to the other party hereto and to the Trustee, revoke, amend or otherwise limit the authorization of any agent appointed by it to act on its behalf or designate another agent or agents to act on its behalf, provided that with reference to all the foregoing matters there shall be at all times at least one Authorized Board Representative authorized to act on behalf of the Board and at least one Authorized Company Representative authorized to act on behalf of the Company.

Section 4.2 Agreement to Issue Series 1984 Bonds. In order to finance the Project Improvement Costs, the Board will, simultaneously with the delivery hereof, issue and sell the Series 1984 Bonds and, as security therefor, execute and deliver the Indenture. All the terms and conditions of the Indenture (including, without limitation, those relating to the amounts and maturity date or dates of the principal of the Series 1984 Bonds, the interest rate or rates thereof and the provisions for redemption thereof prior to their respective maturities) are hereby approved by the Company, and to the extent that any provision of the Indenture is

relevant to the calculation of any rental or other amount payable by the Company hereunder or to the determination of any other obligation of the Company hereunder, the Company hereby agrees that such provision of the Indenture shall be deemed a part hereof as fully and completely as if set out herein.

Section 4.3 Disbursement of Moneys from Construction Fund. Subject to the conditions of Section 4.4 hereof, the Board will pay, or cause to be paid, all Project Improvement Costs, but such costs shall be paid solely out of the principal proceeds from the sale of the Series 1984 Bonds, income earned from the investment of such proceeds and any other moneys which the Company may cause to be deposited in the Construction Fund. The Company, as agent for the Board, will cause such requisitions to be prepared and submitted to the Trustee as shall be necessary to enable the Trustee to pay, out of moneys held in the Construction Fund in accordance with the provisions of Section 9.2 of the Indenture, all the Project Improvement Costs. The Company, upon request by the Board, will furnish a copy of each such requisition to the Board. Anything to the contrary herein contained notwithstanding, the Board shall not be obligated to pay or cause to be paid, and the Company will not submit or cause to be submitted to the Trustee any requisition to be submitted to the Trustee for the payment of, any cost which, if paid, would result, as of the making of such payment, in either

(a) the use for any purpose other than the payment of Qualifying Project Improvement Costs of more than ten percent (10%) of the cumulative amount of Series 1984 Principal Proceeds theretofore disbursed from the Construction Fund, or

(b) the use for any purpose other than the payment of Qualifying Project Improvement Costs of more than ten percent (10%) of the sum of the cumulative amount of Series 1984 Principal Proceeds and Series 1984 Investment Proceeds theretofore disbursed from the Construction Fund;

provided, however, that if the Board and the Trustee are furnished with an opinion of Bond Counsel stating that the requirement set forth in the preceding clause (b) may be disregarded to any extent without adversely affecting the exemption of the interest on the Series 1984 Bonds from federal income taxation under Section 103(b)(6) of the Code, then the requirement of said clause (b) may be disregarded to the extent stated in said opinion.

As provided in the Inducement Agreement, the Board will, simultaneously with the issuance of the Series 1984 Bonds or as soon thereafter as may be practicable, cause the Trustee, upon submission of requisitions satisfying the requirements of the Indenture, to reimburse the Company, out of the proceeds of the Series 1984 Bonds deposited in the Construction Fund, for (i) all costs and expenses that the Company may have heretofore paid or incurred in connection with the Project Improvement Work, and (ii) all advances and loans to the Board heretofore made by the Company pursuant to the Inducement Agreement in order to enable the

Board to pay Project Improvement Costs. The Company hereby acknowledges and agrees that the failure by the Board to reimburse the Company, or to cause the Company to be reimbursed, in full for all such costs and expenses and all such advances (whether such failure results from insufficient moneys being available in the Construction Fund for such purpose, a decision by the Company not to request such reimbursement or any other cause) shall not result in any diminution or postponement of any rentals payable by the Company hereunder, or in the acquisition of title to any part of the Project by the Company, or in the imposition of a lien in favor of the Company upon any part of the Project.

Section 4.4 No Warranty of Suitability by the Board. Company Required to Make Arrangements for Payment of Project Improvement Costs. The Company recognizes that the Project Improvement Work has been or is to be planned and carried out under its control and in accordance with its requirements, and the Board can, therefore, make no warranty, either express or implied, or offer any assurances that such work, when completed, will be suitable for the Company's purposes or needs or that the proceeds derived from the sale of the Series 1984 Bonds, together with the income (if any) earned from the investment of such proceeds, will requirements, and the Board can, therefore, make no warranty, either express or implied, or offer any assurances that such work, when completed, will be suitable for the Company's purposes or needs or that the proceeds derived from the sale of the Series 1984 Bonds, together with the income (if any) earned from the investment of such proceeds, will be sufficient to pay in full all the Project Improvement Costs. In the event such proceeds and investment income (if any) are insufficient to pay all the Project Improvement Costs, the Company

(a) will, subject to the provisions of Section 4.1 hereof, cause such changes to be made in the scope of the Project Improvement Work (including changes in the design of the improvements to the Project Building and the Existing Equipment, or in the design of any other improvements to be constructed on the Project Site, or in the composition of the New Equipment) as will result in the aggregate Project Improvement Costs not exceeding such proceeds and investment income, or

(b) will itself complete the Project Improvement Work as originally planned and will pay that portion of the Project Improvement Costs in excess of such proceeds and investment income, or

(c) will pay into the Construction Fund such moneys as are necessary for the payment of all Project Improvement Costs, in which case the Board will complete the Project Improvement Work, or

(d) will, to the extent legally and economically possible, cause the Board to sell and issue Additional Bonds, in accordance with the provisions of the Indenture, in whatever principal amount is necessary to provide for

payment of all Project Improvement Costs, in which case the Board will complete the Project Improvement Work, or

(e) will take action pursuant to any two or more of the courses of action described in the preceding clauses (a), (b), (c) and (d),

all to the end that all obligations incurred by the Board in connection with the Project Improvement Work shall be paid in full and that the acquisition, construction and installation of the Project Improvements shall be completed to the extent required for (i) the use of the proceeds of the Series 1984 Bonds to comply with the conditions necessary for the interest on the Series 1984 Bonds to be exempt from federal income taxation pursuant to Section 103(b)(6) of the Code and the applicable regulations thereunder and (ii) the Project to constitute a "Project" within the meaning of the Act. The Company shall not, by reason of (1) its direct payment of any excess Project Improvement Costs, (2) its payment of any moneys into the Construction Fund for the payment of any such costs or (3) any other arrangements made by it for the payment of such costs, be entitled to any reimbursement from the Board (except out of the proceeds from the sale of any Additional Bonds that may hereafter be issued by the Board for the purpose of funding the payment of any such excess costs) or to any diminution or postponement of any rentals payable by the Company hereunder. Further, the fact that the Company directly pays, or directly or indirectly furnishes money to the Board for the payment of, any part of the Project Improvement Costs shall not result in the Company's acquisition of title to any part of the Project or in the imposition of a lien in favor of the Company upon any part of the Project, it being understood and agreed (A) that title to all the Project shall, as between the Board and the Company, be fully and solely vested in the Board and (B) that any such lien in favor of the Company that might so result is hereby expressly waived and released by the Company; provided, however, that nothing contained in this section shall be deemed to prohibit the sale of the Project Improvements to the Company or its nominee pursuant to the provisions of Section 4.8 hereof.

Section 4.5 Board to Pursue Rights against Suppliers and Contractors, etc. In the event of default by any supplier, contractor or subcontractor under any contract with the Board for the performance of the Project Improvement Work or any part thereof, the Board will, upon written request made to it by the Company, proceed, either separately or in conjunction with others, to exhaust all remedies the Board may have against such supplier, contractor or subcontractor so in default and against each surety (if any) for the performance of such contract, but all actions taken by the Board to exhaust such remedies shall be at the expense of the Company. Further, in the event the Board proceeds in an arbitration proceeding or by an action at law or in equity against any such supplier, contractor, subcontractor or surety pursuant to the provisions of this section or in the event any such supplier, contractor, subcontractor or surety brings any such proceeding or action against the Board in connection with or relating to the Project Improvement Work, the Board will follow all reasonable directions given to it by the Company in connection with such proceeding or action, and the Company shall have full and complete control thereof, but any Counsel selected by the Company for the Board shall be subject to the approval of the Board. The net amount recovered by the Board in any such

proceeding or action shall be paid into the Construction Fund or, if such amount is recovered after the Completion Date, to the Company, unless an Event of Default shall have occurred and be continuing, in which case such amount shall be paid into the Bond Fund.

The Board hereby transfers and assigns to the Company all the Board's rights and interests in, to and under any maintenance or surety bonds or warranties respecting quality, durability or workmanship obtained by or vested in the Board in connection with the Project Improvement Work, and grants to the Company the right to take action, in the name of either the Board or the Company, but at the Company's sole cost and expense, for the enforcement of such bonds and warranties. The net amount recovered in any such action shall be paid into the Construction Fund or, if such amount is recovered after the Completion Date, to the Company, unless an Event of Default shall have occurred and be continuing, in which case such amount shall be paid into the Bond Fund.

Section 4.6 Certification of Completion Date. The Completion Date shall be evidenced to the Trustee and the Board by a certificate signed by an Authorized Company Representative stating that

(a) the acquisition, construction and installation of the Project Improvements and all other Project Improvement Work have been completed in accordance with the applicable plans, specifications and directions furnished by the Company,

(b) all the Project Improvement Costs have been paid in full, except for amounts retained by the Trustee at the Company's direction for any such costs not then due and payable or the liability for payment of which is being contested or disputed by the Company or by the Board at the Company's direction, and

(c) the Project is operational for the purpose for which it was designed.

Section 4.7 Supplemental Agreement on Completion. Upon completion of the acquisition and installation of the New Equipment, the Board and the Company will enter into a supplemental agreement identifying, with such particularity as the Trustee shall specify, the items of New Equipment installed in or about the Project Building and confirming the demise thereof to the Company hereunder.

Section 4.8 Sale of Project Improvements. In consideration of the agreement by the Company to make the payments (including, without limitation) provided for herein, the Board hereby agrees to sell and convey to the Company (or its nominee), and the Company hereby agrees to purchase from the Board, the Project

Improvements. The Board will effectuate its agreement to sell and convey the Project Improvements and any other property hereby sold to the Company by executing and delivering to the Company a statutory warranty deed, bill of sale and assignment conveying the Project Improvements and such other property or such portion thereof as may then be in existence (which may be none), and by assigning to the Company any rights and interests, whether contingent or vested, that the Board may have resulting from its ownership of the Project, on the Completion Date, but until the Completion Date the Board shall retain title to the Project Improvements. The conveyance of the Project Improvements and any other property sold hereby to the Company shall be subject to Permitted Encumbrances and to such other encumbrances, liens, exceptions or other defects to which title to the Project or such other property was subject when the Board acquired such title, those to the creation or suffering of which the Company consented and those resulting from the failure of the Company to observe and perform any of the agreements or covenants on its part herein contained. On or after the Completion Date the Board will, at the Company's sole expense, execute and deliver to the Company (or its nominee) such other documents of title and do such further acts as shall be reasonably required by the Company to evidence or confirm the conveyance to the Company (or its nominee) of title to all property and rights therein sold to the Company hereby, it being agreed that the preceding provisions of this sentence shall survive the expiration or any prior termination of this Lease.

Section 4.9 New Equipment to Be and Remain Personal Property. All of the New Equipment shall be and remain personal property and shall be deemed to be fully severable from the Project Realty, wherever any item of the New Equipment may at the time be constructed or installed, it being understood and agreed by the Board and the Company that title to the New Equipment shall be independent of title to the Project Realty, whether title to the Project Realty or any part thereof shall at the time be in the Company or any other Person, and that neither the Company nor any other Person claiming an interest in the Project Realty, whether as owner, lessee or mortgagee, shall acquire title to any item of the New Equipment by reason of the physical attachment thereof to any real property.

ARTICLE V

DURATION OF TERM AND RENTAL PROVISIONS

Section 5.1 Duration of Term. The Lease Term shall begin on the date of the delivery of this Lease Agreement and, subject to the provisions hereof, shall continue until 11:59 o'clock, P.M., on June 1, 1994. The Board will deliver to the Company sole and exclusive possession of the Project (or such portion or portions thereof as are then in existence) on the commencement date of the Lease Term, subject to the inspection and other rights reserved in Section 8.3 hereof, and the Company will accept possession thereof at such time; provided, however, that the Board will be permitted such access to the Project as shall be necessary and convenient for it to accomplish the undertakings on its part contained in Section 4.1 hereof; and provided further, that the Board will be permitted such possession of the Project as shall be necessary and convenient for it to make any repairs, restorations,

additions or improvements required or permitted to be made by the Board pursuant to the provisions of the Lease.

Section 5.2 Basic Rent. For the use and occupancy of the Project during the Lease Term, the Company will, not later than 10:00 o'clock, A.M., on each Bond Payment Date, beginning with July 20, 1984, and continuing until and including May 20, 1994, pay to the Trustee at its principal office, for the account of the Board, installments of Basic Rent. Each installment of Basic Rent shall be paid in immediately available funds and shall be in an amount equal to the sum of

(a) the interest maturing with respect to the then outstanding Series 1984 Bonds on the Bond Payment Date on which each such installment of Basic Rent becomes due and payable, plus

(b) the principal (if any) maturing, or required by the terms of the Indenture to be redeemed, with respect to the then outstanding Series 1984 Bonds on said Bond Payment Date.

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BOOK Anything to the contrary contained in the Lease notwithstanding, there shall be credited against any installment of Basic Rent due hereunder (including components of principal and interest) any amount then held in the Bond Fund to the extent that such amount has not theretofore been credited on a previously due installment of Basic Rent; provided, however, that moneys in the Bond Fund shall not be credited against any such installment if such moneys (i) are held therein for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest on the Bonds, (ii) are held therein pursuant to instructions from the Company for the future redemption or purchase of Bonds, (iii) are held therein subject to the restrictions contained in the last paragraph of Section 10.1 of the Indenture and cannot be applied as a credit against any such installment without violating such restrictions, or (iv) are held therein for the payment of matured Bonds not called for redemption if such Bonds are considered fully paid pursuant to the provisions of Section 16.1 of the Indenture by reason of the fact that such moneys are so held in the Bond Fund.

Anything to the contrary contained in the Lease notwithstanding, if for any reason, after the payment by the Company of such installments of Basic Rent as are required to be paid by it pursuant to any provisions of the Lease, the moneys then held by and available to the Trustee for payment or redemption of the principal of and the interest and premium (if any) on the Bonds are not sufficient to pay, on the due or required redemption date thereof, the principal maturing or required to be redeemed with respect to the Bonds plus the interest and premium (if any) due with respect to the Bonds, the Company will promptly pay to the Trustee (for the account of the Board) such additional Basic Rent as, when added to the aforesaid moneys held by and available to the Trustee, will equal an amount sufficient to pay such principal, interest and premium (if any).

Nothing herein contained shall be construed as imposing on the Board or on the Trustee any duty or responsibility of giving any notice to the Company of the amount on deposit in the Bond Fund, or of the amount of any credits against Basic Rent available to the Company, as of any rent payment date, but the Board will cause the Trustee to respond to any reasonable requests that the Company may make for such information. Neither the Board nor the Trustee shall be obligated to give any prior notice to the Company of the due date or amount of any installment of Basic Rent, and failure to receive any such prior notice, even if customarily given by the Board or the Trustee, shall not relieve the Company of its obligation to pay such installment of Basic Rent when it is due and payable.

The Board will, promptly following the designation of any successor or interim successor Trustee under the Indenture, give written notice to the Company of the name and location of the principal corporate trust office of such successor or interim successor Trustee, or it will cause such notice to be promptly given. In the event the due date of any installment of Basic Rent payable hereunder is a Saturday, Sunday or legal holiday in the state in which the principal corporate office of the Trustee is located or a day on which the bank that is then acting as Trustee is legally authorized to close, such installment shall be due in immediately available funds no later than the opening of business by the Trustee on the first business day next preceding such due date. Any installment of Basic Rent due hereunder that is not paid on or before the Bond Payment Date next succeeding the original due date thereof shall bear interest from such Bond Payment Date until paid at the per annum rate or rates applicable to the Series 1984 Bonds from time to time in effect.

Section 5.3 Additional Rent - Trustee's Fees and Expenses. In addition to the Basic Rent and all other rental payments due from the Company hereunder, the Company will also pay, as additional rent, (i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, (ii) the reasonable fees and charges of the Trustee as registrar, transfer agent and paying agent with respect to the Bonds, as well as the fees and charges of any other paying agent with respect to the Bonds who shall act as such agent in accordance with the provisions of the Indenture, (iii) the reasonable fees and expenses of the Trustee in connection with the issuance of a new Bond upon the partial redemption of any Bond (including, without limitation, the expenses of printing such new Bond), and (iv) the reasonable fees, charges and expenses of the Trustee for necessary extraordinary services rendered by it and necessary extraordinary expenses incurred by it under the Indenture. All such fees, charges and expenses shall be paid directly to the Trustee, for its own account upon presentation of its statements therefor, but the Company may, without creating a default hereunder, contest in good faith the necessity for any of the extraordinary services performed by the Trustee or the reasonableness of the fees, charges or expenses of the Trustee in connection therewith.

Section 5.4 Additional Rent - Board's Expenses. In addition to the Basic Rent and all other rental payments due from the Company hereunder, the Company will also pay, as additional rent, the reasonable and necessary expenses, not otherwise provided for, which may be incurred by the Board, or for which the Board

may in any way become liable, as a result of issuing any of the Bonds, acquiring the Project and leasing the same to the Company, or being a party to the Lease or the Indenture; provided, however, that so long as no Event of Default shall have occurred and be continuing, the Company's liability under this Section 5.4 shall not include expenses voluntarily incurred by the Board without prior request or approval by the Company, unless such expenses are necessary to enable the Board to perform its obligations under the Lease and the Indenture.

Section 5.5 Concerning a Series 1984 Determination of Taxability. It is understood by the parties hereto, on the basis of representations, warranties and covenants contained in Sections 2.1, 2.2, 8.6 and 8.7 hereof,

(a) that the interest income on the Series 1984 Bonds will be exempt from federal income taxation under the provisions of Section 103 of the Code (except that the interest income on any Series 1984 Bond will not be exempt from federal income taxation for any period during which such Series 1984 Bond is held by a Substantial User of the Project or by a Related Person),

(b) that the general rule of Section 103(b)(1) of the Code - denying to the interest income on Public Securities of the general nature of the Series 1984 Bonds exemption from federal income taxation - is not now applicable to the Series 1984 Bonds because they constitute an issue in the aggregate authorized face amount of \$1,000,000 or less, determined as provided in Section 103(b)(6) of the Code; and

(c) that the Series 1984 Bonds will not be "arbitrage bonds" within the meaning of Section 103(c) of the Code.

The Company understands and agrees (i) that one of the principal inducements to the purchase of the Series 1984 Bonds by the Series 1984 Original Purchaser is that under existing law the interest thereon will be exempt from federal income taxation, and (ii) that, as a result of a mistake in any one or more of the aforesaid representations, or as a result of the breach of any one or more of the aforesaid warranties or covenants, or as a result of certain other events, occurrences, conditions or circumstances affecting the Series 1984 Bonds, the interest on the Series 1984 Bonds may, under the provisions of Section 103 of the Code, be or become subject to federal income taxation. Therefore, in the event of a Series 1984 Determination of Taxability, the Company will pay to the Trustee, for the account of the Board and as a special installment of Basic Rent, an amount which will be sufficient to redeem and retire on the Series 1984 Taxability Redemption Date, at and for the applicable redemption price specified in subsection (b) of Section 7.5 of the Indenture, all the Series 1984 Bonds that will be outstanding on the Series 1984 Taxability Redemption Date [it being understood and agreed that, for purposes of this clause, a Series 1984 Bond for the full retirement of which moneys or Federal Securities (or both) were on the Series 1984 Taxability Redemption Date set aside as provided in the Indenture

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shall nonetheless be considered as being outstanding on such date unless the date of its maturity (or, in the case it had theretofore been duly called for redemption under other provisions of the Indenture, the date fixed for its redemption) was prior to the Series 1984 Taxability Redemption Date].

The special installment of Basic Rent required to be paid by the Company pursuant to this section shall be paid in immediately available funds on or before the close of business on the business day next preceding the Series 1984 Taxability Redemption Date; provided that if any of the moneys then held in the Construction Fund and the Bond Fund (exclusive of any moneys held therein for the payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest) are not restricted to other purposes and can be applied to the redemption of Series 1984 Bonds, there shall be credited against such special installment of Basic Rent so much of such moneys as the Company may specify in writing to the Board and the Trustee.

In addition to the obligations contained in the foregoing provisions of this section, the Company will pay and indemnify and save harmless the Trustee and all Holders and former Holders of any of the Series 1984 Bonds from all other damage, loss, cost or expense (including attorneys' fees) which the Trustee or any such Holder or former Holder may incur or be subject to as a consequence, direct or indirect, of a Series 1984 Determination of Taxability and the related Series 1984 Event of Taxability, including, without limitation, the defense or contest of any audit, investigation, suit or proceeding that may be initiated or conducted for the purpose of making such determination.

If any Series 1984 Determination of Taxability occurs while the Lease is still in effect and all installments of Basic Rent referable to the Series 1984 Bonds have not yet become due and payable, then in such case the payment of the special installment of Basic Rent required by this section shall constitute a prepayment of the Basic Rent referable to the Series 1984 Bonds. The provisions of this section shall survive any termination of the Lease [including, without limitation, any termination pursuant to the provisions of any of Sections 7.2(a), 10.2(b), 11.1 and 11.2 hereof, or any termination resulting from the expiration of the Lease Term], and if any Series 1984 Determination of Taxability occurs after such termination, the Company shall be obligated to pay such installment in addition to all Basic Rent paid prior to or at the termination of the Lease.

The obligation of the Company under this section are specifically subject to the provisions of Section 7.5 of the Indenture, and in the event that the Holder of any Series 1984 Bond elects not to require the redemption of the Series 1984 Bonds held by such Holder as a result of a Series 1984 Event of Taxability, it will be necessary for the Company to make the payment required by this section in an amount sufficient only to redeem those Series 1984 Bonds required to be redeemed, and it will not be necessary for the Company to make payments necessary to redeem those Series 1984 Bonds with respect to which the Holder thereof has elected not to require redemption.

Section 5.6 Optional Prepayment of Basic Rent. The Company may, at its option at any time and from time to time, prepay directly to the Trustee, for the account of the Board, such amount of Basic Rent as shall be sufficient to enable the Board to pay or redeem and retire, either in advance of or at maturity, any or all of the Bonds in accordance with their terms and the terms of the Indenture. In the event of such prepayment and if the Company shall not otherwise direct the application of any such prepayment of Basic Rent for payment of any or all the Bonds at their respective maturities, the Board will cause the amount of Basic Rent so prepaid to be applied to redemption or retirement of Bonds, in accordance with the provisions of the Indenture, on the earliest practicable date after receipt of such prepaid Basic Rent on which, under their terms and the terms of the Indenture, such Bonds may be redeemed, and will (upon being notified by the Company in writing of the Company's intention in this respect and without the necessity of the moneys therefor being deposited with the Trustee) take all action necessary under the provisions of the Indenture to effect such redemption; provided, however, that, if the Company shall so direct the Trustee, the Trustee shall apply any such prepayment of Basic Rent (whether or not pursuant to the provisions of Section 16.1 of the Indenture) for the payment of Bonds at their maturities or for the payment of a portion of outstanding Bonds at their maturities and for the redemption of a portion of outstanding Bonds on any dates on which, under their terms and the terms of the Indenture, such Bonds may be redeemed, all as may be directed by the Company. Optional prepayments of Basic Rent that are to be applied pursuant to the provisions of this section of the redemption of Series 1984 Bonds prior to their maturities shall be applied to the redemption of Series 1984 Bonds at the redemption prices and in accordance with the other terms and conditions set forth in Section 7.3 of the Indenture. If less than all the outstanding Series 1984 Bonds are redeemed at any one time with a prepayment of Basic Rent, the principal amount of Series 1984 Bonds so redeemed shall be credited in inverse chronological order against the mandatory redemptions of Series 1984 Bonds required by Section 7.4 of the Indenture, and no such prepayment of Basic Rent shall result in a reduction of the installment of Basic Rent payable on any date in respect of any mandatory redemption required by said Section 7.4 unless the principal amount of Series 1984 Bonds then outstanding is less than the principal amount otherwise required to be redeemed on such date.

Section 5.7 General Provisions Concerning Prepayment of Basic Rent. The prepayment of Basic Rent pursuant to any provision of the Lease will result in a total or partial abatement of the Basic Rent that would thereafter have come due had it not been for such prepayment. After the prepayment of Basic Rent sufficient to pay, redeem and retire all the outstanding Bonds, the Company shall be entitled to the use and possession of the Project without the payment of any further Basic Rent but otherwise on all the same terms and conditions of the Lease.

Section 5.8 Obligations of Company Unconditional. The obligation of the Company to pay the Basic Rent, to make all other payments provided for herein and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim it might otherwise have against the Board. The Company will not suspend, discontinue, reduce or defer any such payment or fail to perform and observe any of its other agreements and covenants contained herein or

(except as expressly authorized herein) terminate the Lease for any cause, including, without limiting the generality of the foregoing, the failure of the Board to complete the acquisition, improvement and installation of the Project or any other part of the Project Improvement Work, any acts or circumstances that may deprive the Company of the use and enjoyment of the Project, failure of consideration or commercial frustration of purpose, or any damage to or destruction of the Project or any part thereof, or the taking by Eminent Domain of title to or the right to temporary use of all or any part of the Project, or any change in the tax or other laws of the United States of America, the State of Alabama or any political or taxing subdivision of either thereof, or any change in the cost or availability of labor, raw materials or energy adversely affecting the profitable operation of the Project by the Company, or any failure of the Board to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Lease.

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The provisions of the first paragraph of this section shall remain in effect only so long as any of the Indenture Indebtedness remains outstanding and unpaid. Nothing contained in this section shall be construed to prevent the Company, at its own cost and expense and in its own name or in the name of the Board, from prosecuting or defending any action or proceeding or taking any other action involving third persons which the Company deems reasonably necessary in order to secure or protect its rights hereunder, including, without limitation, such actions as may be necessary to insure that the Project Improvement Work will be completed in accordance with the directions and requirements of the Company, and in such event the Board will cooperate fully with the Company in any such action or proceeding. Further, nothing contained in this section shall be construed to release the Board from the performance of any of the agreements on its part herein contained or to preclude the Company from instituting such action against the Board as the Company may deem necessary to compel such performance, it being understood and agreed, however, that no such action on the part of the Company shall in any way affect the agreements on the part of the Company contained in the first paragraph of this section or in any way relieve the Company from performing any such agreements.

Section 5.9 Governmental Service Fee. The Board and the Company acknowledge that, under present law, so long as the Project is owned by the Board, the Project is exempt from ad valorem taxation by the State of Alabama and any political or taxing subdivision thereof, including the County. The Company will, nevertheless, pay to the County, and not to the Board, the Trustee, the State of Alabama or any political or taxing subdivision thereof except the County, on or before December 31 in each year during the term hereof beginning with 1985, a governmental service fee in the amount of \$1,032.00.

If the Project becomes subject to ad valorem taxation at any time during the Lease Term and if the Company is required to pay such ad valorem taxes pursuant to the provisions of Section 6.3 hereof, then in such case the ad valorem taxes so payable by the Company shall be credited in full against the governmental service fee required by this section for the applicable tax year, with the result that if the Project

shall become fully subject to ad valorem taxation payable by the Company, no further payments shall be due under this section.

ARTICLE VI

PROVISIONS CONCERNING MAINTENANCE, ADDITIONS, REMOVAL OF NEW EQUIPMENT, INSURANCE AND TAXES

Section 6.1 Maintenance, Additions, Alterations, Improvements and Modifications. The Company will, at its own expense, keep the Project in reasonably safe condition and keep all buildings, equipment and other facilities at any time forming part of the Project in good repair and operating condition (reasonable wear and tear excepted), making from time to time all necessary and proper repairs thereto; provided, however, that the Company shall have no obligation hereunder to repair or maintain the Project after full payment of the Indenture Indebtedness. The Board and the Company recognize that, as a result of reasonable wear and tear, technological obsolescence or other causes, various items of the Project Equipment may become inadequate, obsolete, worn-out or unsuitable in the use and operation of the Project by the Company, but neither the Board nor the Company shall be obligated to replace or renew any such items of the Project Equipment.

The Company may, at its own cost and expense, make, or cause to be made, any additions, alterations, improvements or modifications to the Project that it may deem desirable for its business purposes, provided that such additions, alterations, improvements or modifications do not (i) change the character of the Project to such extent that it no longer constitutes a "Project" under the Act or (ii) significantly impair the value or utility of the Project, and provided further that, if such additions, alterations, improvements or modifications affect the structural integrity of any building or other structure forming a part of the Project, the Company furnishes the Board and the Trustee a certificate of an Independent Engineer acceptable to the Trustee, or a certificate signed on behalf of the Company by an Authorized Company Representative who is a licensed engineer, stating, in either case, that such additions, alterations, improvements or modifications will not significantly impair the value or utility of the Project.

In the event that, after the completion of the original acquisition, construction and installation of the Project Improvements and the New Equipment, the Company determines to make, or to cause to be made, any additions, alterations, improvements or modifications to the Project pursuant to the second paragraph of this section, then the Board will execute and deliver, or cause to be executed and delivered, all contracts, orders, requisitions, instructions and other written instruments and do, or cause to be done, all other acts that may be necessary or proper in making such additions, alterations, improvements or modifications. In no event, however, will the Board hereafter enter into any contract with respect to any such additions, alterations, improvements or modifications unless there is endorsed thereon a legend indicating that the Company has approved both the form and substance of

such contract and such legend is signed on behalf of the Company by an Authorized Company Representative. Any obligation for the payment of money incurred or assumed by the Board in connection with such additions, alterations, improvements or modifications shall be payable solely out of the proceeds derived by the Board from the sale of Additional Bonds or from any moneys made available to the Board by the Company for such purpose.

The Company will not permit any mechanics' or other liens to stand against the Project for labor, materials, equipment or supplies furnished in connection with the original acquisition, construction and installation of the Project Improvements and the New Equipment or in connection with any additions, alterations, improvements, modifications, repairs or renewals that may subsequently be made thereto. The Company may, however, at its own expense and in good faith, contest any such mechanics' or other liens and in the event of any such contest may permit any such liens to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom unless by such action the lien of the Indenture to any part of the Project shall be endangered or any part of the Project shall be subject to loss or forfeiture, in either of which events such mechanics' or other liens shall (unless they are bonded or superseded in a manner satisfactory to the Trustee) be promptly satisfied.

Section 6.2. Removal of the New Equipment. The Company may, if no Event of Default shall have occurred and be continuing (and for so long as the Series 1984 Original Purchaser shall be the Holder of any of the Bonds, only with the prior written consent of the Series 1984 Original Purchaser), dispose of any item of the New Equipment upon compliance with the conditions set forth in either subparagraph (a) or (b) below:

(a) Such item of the New Equipment may be removed from the Project Site and used by the Company in its other business operations or sold or otherwise disposed of in any way the Company may see fit, free of the demise of the Lease and of the lien of the Indenture and without the Company having any responsibility or accountability to the Board or the Trustee therefor, provided that the Company substitutes and installs in the Project Building or elsewhere on the Project Site, before or simultaneously with such removal, other equipment or other personal property not theretofore constituting part of the Project Equipment and having utility (but not necessarily the same value or function) in the operation of the Project equal to or greater than the utility of the item of New Equipment so removed, it being understood that all such substituted equipment or other personal property shall be free of all liens and encumbrances (other than Permitted Encumbrances), shall be the sole property of the Board, shall be and become a part of the New Equipment subject to the demise of the Lease and to the lien of the Indenture and shall be held by the Company on the same terms and conditions as the items originally constituting the New Equipment.

(b) Such item of the New Equipment may be removed from the Project Site and used by the Company in its other business operations or sold or otherwise disposed of in any way the Company may see fit, free of the demise of the Lease and of the lien of the Indenture and without the Company having any responsibility or accountability to the Board or the Trustee therefor or being required to substitute other property therefor, provided that (i) in the case of the sale of such item of New Equipment to anyone other than the Company or an Affiliate thereof, the Company pays into the Bond Fund the proceeds from such sale or the scrap value thereof, respectively, (ii) in the case of the trade-in or exchange of such item of New Equipment for other property not to be substituted therefor pursuant to the provisions of subparagraph (a) of this paragraph, the Company pays into the Bond Fund an amount in cash equal to the credit received for such trade-in or exchange, and (iii) in the case of the sale of such item of New Equipment to the Company or an Affiliate thereof (including the Company's use thereof in any other business operations conducted by it or any of its Affiliates), the Company pays into the Bond Fund an amount equal to the market value thereof as of the date of such sale or other disposition, as such market value shall be determined by an Independent Appraiser (as defined in the Indenture) acceptable to the Trustee.

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The Company will not remove any items of the New Equipment pursuant to the provisions of this section if the operating utility of the Project will be significantly impaired by such removal or if such removal changes the character of the Project to such an extent that it no longer qualified as a "Project" within the meaning of the Act. In any case where the Company is herein required to purchase, install and substitute in the Project Building or elsewhere on the Project Site any item of equipment or other personal property it may, in lieu of purchasing and installing said equipment or other personal property itself, advance to the Board the funds necessary therefor, whereupon the Board will purchase and install such equipment or other personal property in the Project Building or elsewhere on the Project Site.

In furtherance of the preceding provisions of this section, the Company will do the following:

(1) If the Company elects to remove any item of the New Equipment pursuant to subparagraph (b) of the second paragraph of this section, it will pay to the Trustee such amounts as are required thereby to be paid into the Bond Fund promptly after the sale or other disposition of the item requiring such payment.

(2) The Company will execute and deliver to the Board and the Trustee such documents as the Trustee may from time to time require to confirm the title of the Board (subject to the Lease) to, and the lien of the Indenture with respect to, any items of equipment and other personal property that under the provisions of this section are to become a part of the New Equipment.

(3) The Company will pay all costs (including attorneys' fees) incurred in subjecting to the demise of the Lease and to the lien of the Indenture any items of equipment and other personal property that under the provisions of this section are to become a part of the New Equipment.

The Company will not remove, or permit the removal of, any of the New Equipment from the Project Site except in accordance with the provisions of this section. The Company shall not, by reason of the removal of any items of the New Equipment pursuant to this section, or any substitutions made for any items of the New Equipment so removed, or any payments made to the Trustee on account of any items of the New Equipment so removed, be entitled to any diminution or abatement of the rent payable by the Company hereunder.

Upon receipt of a written confirmation from the Trustee that any item of New Equipment has been removed from the Project Site in compliance with the conditions of this section, the Board will convey title to such item to the Company by bill of sale or other appropriate conveyance. Further, in accordance with agreements with the Trustee contained in the Indenture, the Board will cause the Trustee to execute and deliver to the Company all instruments that may be necessary to release from the lien of the Indenture any item of New Equipment removed from the Project Site in compliance with the conditions of this section. The Company will reimburse the Board and the Trustee for their respective reasonable expenses incurred in connection with the conveyance of such title and the execution and delivery of such instruments.

The preceding provisions of this section shall apply only so long as any of the Indenture Indebtedness remains unpaid. After full payment of the Indenture Indebtedness and the cancellation, satisfaction and discharge of the lien of the Indenture in accordance with the provisions thereof, the Company may, if in its sole discretion it determines that any or all items of New Equipment have become unsuitable or unnecessary for its use and operation of the Project, remove such items of the New Equipment from the Project Site and (on behalf of the Board) sell or otherwise dispose of such items, without any responsibility or accountability to the Board therefor and without being required to install in the Project Building or elsewhere on the Project Site equipment or other personal property in substitution therefor, and may retain any money or other consideration received by it upon any disposition of such items of New Equipment.

Nothing contained herein shall prohibit the Company, at any time in which no Event of Default shall have occurred and be continuing, from removing from the Project Site any equipment or other personal property that is owned by it or leased to it by third parties and that does not constitute part of the New Equipment (including, without limitation, the Existing Equipment, subject, however, to the provisions of the Cook Mortgage).

Section 6.3 Payment of Claims, Judgments, Taxes, Other Governmental Charges and Utility Charges. The Company warrants and covenants that the lien of the Indenture on the Project shall be prior and superior to any other lien or encumbrance on the Project except Permitted Encumbrances. The Company will not create, or knowingly suffer to exist, any liens, charges or encumbrances on the Project other than Permitted Encumbrances, and it will pay and discharge, or cause to be paid and discharged, as the same respectively become due,

(a) all claims or judgments giving rise to a lien or charge on the Project which, if not paid or discharged, would be prior to the lien of the Indenture,

(b) all taxes and governmental charges of any kind whatsoever that may lawfully be assessed or levied against or with respect to the Project, including, without limiting the generality of the foregoing, any taxes levied upon or with respect to any part of the receipts, income or profits of the Board from the Project and any other taxes levied upon or with respect to the Project which, if not paid, would become a lien on the Project prior to or on a parity with the lien of the Indenture or a charge on the revenues and receipts therefrom prior to or on a parity with the charge thereon and pledge and assignment thereof made in the Indenture, and

(c) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated to pay only such installments as are required to be paid during any period while the Lease shall be in effect.

The Board will forward to the Company any bills, statements, assessments, notices or other instruments asserting or otherwise relating to any such claims, taxes, assessments or charges.

The Company may, at its own expense and in its own name and behalf or in the name and behalf of the Board, in good faith contest any such claims, taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee notifies the Company that, in the opinion of Independent Counsel, such action by the Company will materially endanger the lien of the Indenture as to any part of the Project or will cause the Project or any part thereof to become subject to a material risk of loss or forfeiture, or will cause the revenues of the Board from the Project to become subject to a lien or charge thereon not constituting a Permitted Encumbrance, in any of which cases such claims, judgments, taxes, assessments or charges shall (unless

they are bonded or are superseded in a manner satisfactory to the Trustee) be paid prior to their becoming delinquent. The Board will cooperate fully with the Company in any such contest.

The Company will also pay, as the same respectively become due, all utility and other similar charges incurred in the operation, maintenance, use and upkeep of the Project.

Section 6.4 Insurance Required. The Company will, not later than the date of delivery of this Lease Agreement [or, in the case of the insurance required in the succeeding clause (a) of this Section 6.4, not later than the first to occur of (i) the date on which a contract for the construction of improvements to the Project Building is entered into by or on behalf of the Board or (ii) the date of the commencement of construction of improvements to the Project Building], take out and thereafter continuously maintain in effect or cause to be taken out and thereafter continuously maintained in effect, insurance with respect to the Project against such risks as are customarily insured against by businesses of like size and type as the Company, paying as the same become due all premiums with respect thereto, including, but not necessarily limited to, the following:

(a) until such time as the construction of the improvements to the Project Building and the other improvements to be constructed initially on the Project Site shall have been completed, builder's risk insurance with respect to the improvements to the Project Building, such other improvements and the Project Equipment to such extent as is necessary to provide for full payment of the costs of repairing, restoring or replacing the property damaged or destroyed or, if insurance to such extent is not available, to the extent of the full insurable value (as determined by a recognized insurer) of the Project Building, such improvements and the Project Equipment; provided, however, that the Company shall not be required to put into effect the insurance required by this clause (a) with respect to the Project Building or any other property until (i) the date on which a contract for the construction of the improvements to the Project Building is entered into by or on behalf of the Board or (ii) the date of the commencement of construction of the Project Building, whichever such event is the latest to occur;

(b) insurance against loss or damage to the Project Building, all other improvements located on the Project Site and the Project Equipment by fire, lightning, vandalism and malicious mischief, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State of Alabama, to such extent as is necessary to provide (i) for full payment of the costs of repairing, restoring or replacing, the property damaged or destroyed or, if insurance to such extent is not available, to the extent of the full insurable value (as determined by a recognized insurer) of the Project Building, such improvements and the Project

Equipment, or (ii) for the recovery of such lesser amount as may be required for the full payment of the Indenture Indebtedness then outstanding; and

(c) comprehensive general liability insurance against liability for personal or bodily injury to or death of persons and for damage to or loss of property occurring on or about the Project Site or in any way related to the use, occupancy or operation of the Project, which shall consist of basic coverage in the minimum amounts of (i) \$500,000 for all death and personal or bodily injury claims resulting from any one accident or occurrence, (ii) \$100,000 for property damage resulting from any one accident or occurrence and (iii) \$3,000,000 for so-called "umbrella" coverage.

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All policies evidencing the insurance required by the terms of the preceding paragraph shall be taken out and maintained in generally recognized responsible insurance companies, qualified under the laws of the State of Alabama to assume the respective risks undertaken, shall contain an agreement on the part of the insurer issuing such policy that the same shall not be cancelled, terminated or permitted to lapse by such insurer unless thirty (30) days' prior written notice of such cancellation, termination or lapse in coverage shall have been given to the Trustee, and may be written with co-insurance provisions and deductible amounts comparable to those applicable to similar policies carried by Persons engaged in businesses of like size and type as the Company. All such insurance policies, other than those evidencing the insurance required by clause (c) of the preceding paragraph and such other policies or portions thereof as may evidence insurance against liability for injury to persons or property of others, shall name as insureds the Board, the Trustee and the Company (as their respective interests shall appear) and shall contain standard mortgage clauses providing for all recoveries thereunder in respect of losses greater than \$70,000 to be paid to the Trustee; provided that all recoveries (including those in respect of losses greater than \$70,000) may be adjusted by the Company, subject, in the case of the recovery in respect of a loss greater than \$70,000, to the approval of the Trustee. The insurance required by clause (c) of the preceding paragraph shall cover the liability, in the several respects indicated, both of the Board and of the Company. All policies evidencing the insurance required to be carried by this section shall be deposited with the Trustee; provided, however, that in lieu thereof the Company may deposit with the Trustee a certificate or certificates of the respective insurers attesting the fact that such insurance is in force and effect. Prior to the expiration or cancellation of any such policy, the Company will furnish to the Trustee evidence reasonably satisfactory to the Trustee that such policy has been renewed or replaced by another policy or that there is no necessity therefor under the Lease. Anything herein to the contrary notwithstanding, any insurance required by the provisions hereof may be evidenced by a blanket policy covering risks in addition to those hereby required to be covered, but if and only if appropriate allocation certificates and loss payable endorsements are furnished to the Board and the Trustee.

Section 6.5 Performance by Board or Trustee of Certain Company Obligations. Reimbursement of Expenses. In the event the Company fails to take

out or maintain the full insurance coverage required by the Lease, fails to pay the taxes and other charges herein required to be paid at or prior to the time they are so required to be paid, or fails to keep the Project in as reasonably safe condition as its operations permit and in good repair and operating condition, the Board or the Trustee may (but shall not be obligated to) perform any such obligation on behalf of the Company. Any expense incurred by the Board or the Trustee in performing any of such obligations of the Company shall become an additional obligation of the Company to the Board or to the Trustee, as the case may be, and shall be repaid by the Company, together with interest thereon, from the date such amount was paid by the Board or the Trustee, as the case may be, until the date of its repayment by the Company, at a per annum rate equal to two percent (2%) above the Prime Rate from time to time in effect until such amount is repaid or at the maximum applicable non-usurious per annum rate of interest then permitted by the laws of the State of Alabama, whichever of the foregoing rates of interest is the lesser. Any remedy herein vested in the Board or the Trustee for the collection of rental payments shall also be available to the Board or the Trustee for the collection of all amounts so paid by the Board or the Trustee in performing any of such obligations of the Company.

ARTICLE VII

PROVISIONS RESPECTING DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1 **Damage and Destruction Provisions.** If, prior to full payment of the Indenture Indebtedness, the Project is destroyed, in whole or in part, or is damaged, by fire or other casualty, to such extent that the loss to the Project resulting therefrom is not greater than \$70,000, the Company will continue to pay the rent required to be paid hereunder and will promptly repair, replace or restore the property destroyed or damaged to substantially the same condition as prior to the event causing such damage or destruction with such changes, alterations or modifications (including the substitution and addition of other property) as will not significantly impair the operating utility of the Project or change the character thereof to such extent that it will not constitute a "Project" within the meaning of the Act. The Company will apply so much as may be necessary of any Net Insurance Proceeds referable to such damage or destruction to the payment of the costs of such repair, replacement or restoration, and if such costs exceed the available Net Insurance Proceeds, the Company will provide any additional moneys required for the payment of such costs. In the event that the total costs of such repair, replacement and restoration are less than such Net Insurance Proceeds, the Company will pay into the Bond Fund the amount by which such proceeds exceed said total costs. Any preceding provision of this paragraph to the contrary notwithstanding, the Company may exercise the option to purchase the Project granted in Section 11.2 hereof upon the terms there provided, in which event it need not repair, replace or restore the property damaged or destroyed.

If, prior to full payment of the Indenture Indebtedness, the Project is destroyed, in whole or in part, or is damaged, by fire or other casualty, to such extent that the loss to the Project resulting therefrom is greater than \$70,000, the Company will promptly so notify the Board and the Trustee in writing. All obligations of the

Company and the Board under the Lease which are still capable of performance (including, without limitation, the obligation of the Company to pay the Basic Rent and all other rent due hereunder) shall continue in full force and effect. If, in such event, the Company does not exercise the option to purchase the Project granted in Section 11.2 hereof, the Net Insurance Proceeds recovered by the Board, the Company and the Trustee on account of such damage or destruction shall be paid to and held by the Trustee. Pursuant to directions to be given the Board and the Trustee by the Company in a Certified Resolution to be forwarded to the Board and the Trustee not more than sixty (60) days following the event causing such damage or destruction, such proceeds shall be applied by the Trustee in one or both of the following ways (the amount, if any, to be applied in each such way to be specified in such Certified Resolution):

(a) payment of the costs of repairing, replacing or restoring the property damaged or destroyed to the extent necessary for it to have substantially the same operating utility that it had (or would have had if the Company had theretofore complied with all its obligations hereunder) prior to the event causing such damage or destruction, with such changes, alterations or modifications as shall be directed by the Company and as shall, prior to the making of any financial commitments therefor beyond the planning thereof, be approved in writing by the Holders of all the Bonds then outstanding, provided that the character of the Project shall not be changed to such extent that it will not constitute a "Project" within the meaning of the Act;

(b) the redemption of Bonds prior to maturity in accordance with the terms of the Indenture and on the earliest practicable date permitted thereby or the purchase of Bonds for retirement, in which case such portion of the Net Insurance Proceeds to be used therefor shall be deposited in the Bond Fund; provided, however, that no part of any such portion of the Net Insurance Proceeds shall be so deposited in the Bond Fund and so applied for the redemption or purchase of Bonds unless

(i) provision has theretofore been made, or is made simultaneously with such redemption or purchase, for the retirement, in accordance with the terms of the Indenture, of all the Bonds (including premium, if any, and the interest that will mature thereon until and on the date or dates they are retired), whether by redemption prior to their maturity, by payment thereof at their maturity or by purchase thereof for cancellation, or

(ii) in the absence of such provision for the retirement of all the Bonds, the following conditions shall be satisfied: (1) the condition of the Project, as repaired, restored or modified after the event causing such damage or destruction, shall be such that the Project will constitute a "Project" within the meaning of the Act; and (2) the use of any Net Insurance Proceeds for the

redemption or purchase of less than all the outstanding Bonds shall be approved in writing, prior to such use thereof, by the Holders of all the Bonds that will be outstanding after such redemption or purchase.

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In the event that the Net Insurance Proceeds held by the Trustee (or any specified portion thereof) are to be applied for payment of the costs of repairing, replacing or restoring the property damaged or destroyed, the Construction Fund shall be reestablished and such proceeds (or specified portion thereof) shall be deposited therein, and the Board will cause disbursements to be made from such fund to pay such costs in the same manner (with the necessary changes in detail) as provided in the Indenture for the disbursement of proceeds of the Series 1984 Bonds originally deposited in such fund. Any balance of the Net Insurance Proceeds (or any balance of the portion thereof specified for the payment of such costs) remaining after the payment of all such costs shall be paid into the Bond Fund or, if the Indenture Indebtedness has been paid in full and no Event of Default shall have occurred and be continuing, to the Company. In the event that the Net Insurance Proceeds (or the portion thereof specified for the payment of such costs) are not sufficient to pay in full the costs of such repair, replacement or restoration, the Company (i) will nonetheless complete the work thereof and will pay that portion of the costs thereof in excess of the Net Insurance Proceeds (or specified portion thereof) available for the payment of such costs, or (ii) will pay to the Trustee, for the account of the Board, the moneys necessary to complete such work, in which case the Board will cause such work to be so completed, and the Board and the Trustee will, upon completion of such work and payment in full of the costs thereof, return to the Company any portion of such payment that is not needed therefor. The Company shall not, by reason of the payment of such excess costs (whether by direct payment thereof or payment to the Trustee therefor), be entitled to any reimbursement from the Board or to any abatement or diminution of the rent provided for herein.

If at any time the Company gives notice to the Trustee of its intention to exercise the option to purchase the Project granted in Section 11.2 hereof, then, in the absence of contrary written directions from the Company, the Trustee shall thereafter hold all Net Insurance Proceeds until the exercise of such option and shall not apply such proceeds to the payment of any costs of repairing, replacing or restoring the property damaged or destroyed. If the Company duly exercises such option to purchase the Project in accordance with the applicable provisions of Section 11.2 hereof, then neither the Company nor the Board shall have any obligation to repair, replace or restore the property damaged or destroyed, in which case so much (which may be all) of such Net Insurance Proceeds then held by the Trustee as shall be necessary to provide for full retirement of the Bonds (as specified in Section 11.2 hereof) shall be paid or credited by the Trustee into the Bond Fund and so much of the excess thereafter remaining (if any) as shall be necessary for the payment of any other Indenture Indebtedness shall be applied by the Trustee to the payment of such other Indenture Indebtedness. Any portion of such Net Insurance Proceeds remaining after payment in full of the entire Indenture Indebtedness shall be paid to the Company after or simultaneously with the exercise by the Company of such option.

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If the Project is destroyed, in whole or in part, or is damaged after the Indenture Indebtedness has been paid in full, neither the Company nor the Board shall be obligated to repair, replace or restore the property damaged or destroyed, and any Net Insurance Proceeds referable to such damage or destruction shall be paid to the Company; provided, however, that the Board will, to the extent and in the manner provided in Section 7.6 hereof, cooperate fully with the Company in carrying out such repair, replacement and restoration as the Company may, in its sole discretion, decide to undertake.

All property acquired in connection with the repair, replacement or restoration of any part of the Project pursuant to the provisions of this Section 7.1 shall be and become part of the Project subject to the demise hereof and the lien of the Indenture and shall be held by the Company on the same terms and conditions as the property originally constituting the Project.

Section 7.2 Condemnation Provisions. If title to the Project or any part thereof is taken under the exercise of the power of Eminent Domain, the entire condemnation award in respect of such taking [including, without limitation, (i) all amounts received as the result of any settlement of compensation claims negotiated with the condemning authority, and (ii) any amount awarded as compensation for the interest of the Company in the part of the Project taken and as damages to the interest of the Company in any part thereof not taken, but not including any condemnation award belonging to the Company pursuant to the provisions of Section 7.4 hereof] shall be paid to the Trustee (or, if the Indenture Indebtedness has been fully paid, to the Company), whereupon such award shall be applied and certain related actions shall be taken in accordance with the succeeding provisions of this Section 7.2:

(a) Taking of All or Substantially All the Project Prior to Full Payment of the Indenture Indebtedness. If all or substantially all the Project is so taken by such exercise of the power of Eminent Domain, prior to full payment of the Indenture Indebtedness, the Lease shall terminate [except as to the provisions of this subsection (a) and Section 8.2 hereof and any other provisions hereof which are expressly stated herein to survive the termination of the Lease] as of the forty-fifth (45th) day after the receipt by the Trustee of the final installment of the entire condemnation award in respect of such taking, unless the Company has theretofore exercised the option to purchase the Project granted in Section 11.2 hereof. The Board will cause the Company to be notified in writing, within a reasonable time following such receipt by the Trustee of such final installment of the entire condemnation award, of the date on which such final installment was so received by the Trustee and the amount of the Net Condemnation Award in respect of such taking then held by the Trustee. On or before the close of business on the business day next preceding the date on which the Lease shall terminate pursuant to this subsection (a), the Company will pay to the Trustee, for the account of the Board, such additional Basic Rent as, when added to the total of the amounts then held in the Construction Fund and the Bond

Fund (exclusive of any amount held therein for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest) plus the full amount of the Net Condemnation Award then held by the Trustee, will be sufficient to pay, redeem and retire all the then outstanding Bonds on the aforesaid date on which the Lease shall terminate, including, without limitation, principal, premium (if any), interest to maturity or earliest practicable redemption date, as the case may be, expenses of redemption and all other Indenture Indebtedness. Any portion of the Net Condemnation Award not needed for payment of the Indenture Indebtedness shall be paid to the Company simultaneously with or promptly after the termination of the Lease.

(b) Taking of Less Than Substantially All the Project Prior to Full Payment of the Indenture Indebtedness. If less than substantially all the Project is so taken by such exercise of the power of Eminent Domain, prior to full payment of the Indenture Indebtedness, all obligations of the Company under the Lease which are still capable of performance (including, without limitation, the obligation of the Company to pay the Basic Rent and all other rent due hereunder) shall continue in full force and effect, but with the consequences specified in the succeeding provisions of this subsection (b):

(1) If no part of the New Equipment is taken or damaged and if in the Company's opinion, expressed in a Certified Resolution delivered to the Board and the Trustee, such taking does not significantly impair the operating utility of the Project, the Net Condemnation Award in respect of the part of the Project so taken shall be paid into the Bond Fund.

(2) If any part of the Project Building, any part of any other structure located on the Project Site, or any part of the Project Equipment is taken or damaged, or if in the Company's opinion, expressed in a Certified Resolution delivered to the Board and the Trustee, such taking significantly impairs the operating utility of the Project, and if, in the event of such taking, the Company does not exercise the option to purchase the Project granted in Section 11.2 hereof, the Net Condemnation Award in respect of such taking shall, pursuant to directions to be given the Board and the Trustee by the Company in a Certified Resolution to be forwarded to the Board and the Trustee not more than sixty (60) days following such taking, be applied by the Trustee in one or more of the following ways (the amount, if any, to be applied in each such way to be specified in such Certified Resolution):

(I) payment of the costs of repairing, restoring, modifying, relocating or rearranging any portions of the Project not taken but damaged or adversely affected by

such taking, all to such extent and in accordance with such plans as shall be directed by the Company and as shall, prior to the making of any financial commitments therefor beyond the planning thereof, be approved in writing by the Holders of all the Bonds then outstanding, provided that the character of the Project shall not be changed to such extent that it will not qualify as a "Project" within the meaning of the Act;

(II) payment of the costs of acquiring (by purchase, construction or otherwise) such additional property as shall be directed by the Company and as shall, prior to the making of any financial commitments therefor beyond the planning thereof, be approved in writing by the Holders of all the Bonds then outstanding, which property (i) shall be of such nature as to constitute a "Project" under the Act, (ii) shall be acquired by the Board and made subject to the demise of the Lease and to the lien of the Indenture free of all liens and encumbrances other than Permitted Encumbrances and (iii) shall be deemed a part of the Project and made available for use by the Company, without the payment of additional rent hereunder, to the same extent as if such property had originally constituted part of the Project and had been specifically demised hereby;

(III) the redemption of Bonds prior to maturity in accordance with the terms of the Indenture and on the earliest practicable date permitted thereby or the purchase of Bonds for retirement, in which case such portion of the Net Condemnation Award to be used therefor shall be deposited in the Bond Fund; provided, however, that no part of any such portion of the Net Condemnation Award shall be so deposited in the Bond Fund and so applied for the redemption or purchase of Bonds unless

(i) provision has theretofore been made, or is to be made simultaneously with such redemption or purchase, for the retirement, in accordance with the terms of the Indenture, of all the Bonds, whether by redemption prior to their maturity, by payment thereof at their maturity or by surrender thereof for cancellation, or

(ii) in the absence of such provision for the retirement of all the Bonds, the following conditions shall be satisfied: (1) the character of the Project, as repaired, restored, replaced, modified or rearranged af-

ter such taking, shall be such that the Project will constitute a "Project" under the Act; and (2) the use of any portion of the Net Condemnation Award for the redemption or purchase of less than all the outstanding Bonds shall be approved in writing, prior to the use thereof, by the Holders of all Bonds that will be outstanding after such redemption or purchase.

In the event that the Net Condemnation Award held by the Trustee (or any specified portion thereof) is to be applied, pursuant to the provisions of subparagraphs (I) or (II) of this subsection (b)(2), for payment of the costs of repairing, restoring, modifying, relocating or rearranging any part of the Project or for payment of the costs of acquiring additional property to become part of the Project, as the case may be, the Construction Fund shall be reestablished and such award (or specified portion thereof) shall be deposited therein, and the Board will cause disbursements to be made from such fund to pay such costs in the same manner (with the necessary changes in detail) as provided in the Indenture for the disbursement of proceeds of the Series 1984 Bonds originally deposited in such fund. Any balance of the Net Condemnation Award (or any balance of the portion thereof specified for the payment of such costs) remaining after payment of all such costs shall be paid into the Bond Fund or, if the Indenture Indebtedness has been paid in full and no Event of Default shall have occurred and be continuing, to the Company. In the event that the Net Condemnation Award (or the portion thereof specified for the payment of such costs) is not sufficient to pay in full the costs of such repair, restoration, modification, relocation or rearrangement, or the costs of acquiring such additional property, as the case may be, the Company (i) will nonetheless complete such repair, restoration, modification, relocation or rearrangement or the acquisition of such additional property, as the case may be, and will pay that portion of the costs thereof in excess of the amount of the Net Condemnation Award (or specified portion thereof) available for the payment of such costs, or (ii) will pay to the Trustee for the account of the Board the moneys necessary to complete such repair, restoration, modification, relocation or rearrangement or the acquisition of such additional property, as the case may be, in which case the Board will cause such undertakings to be so completed, and the Trustee will, upon completion of such undertakings and payment in full of the costs thereof, return to the Company any portion of such payment by the Company that is not needed therefor. The Company shall not, by reason of the payment of such excess costs (whether by direct payment thereof or payments to the Trustee therefor), be entitled to any reimbursement from the Board or to any abatement or diminution of the rent provided for herein.

(c) Taking of All or Substantially All the Project After Full Payment of the Indenture Indebtedness. If, after the full payment of the Indenture Indebtedness, title to all or substantially all the Project is taken by such exercise of the power of Eminent Domain, the Net Condemnation

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Award referable to such taking shall be paid and belong to the Company. The Lease shall terminate as of the date on which the final condemnation award is received by the Company, and the Board and the Company shall have no further rights or obligations hereunder except those which may theretofore have vested.

(d) Taking of Less Than Substantially All the Project After Full Payment of Indenture Indebtedness. If, after full payment of the Indenture Indebtedness, title to less than substantially all the Project is taken by such exercise of the power of Eminent Domain, the Lease shall continue in full force and effect, but neither the Company nor the Board shall be obligated to correct or ameliorate in any way the condition of the Project caused by such taking, and the Net Condemnation Award referable to such taking shall be paid to the Company; provided, however, that the Board will, to the extent and in the manner provided in Section 7.6 hereof, cooperate fully with the Company in carrying out such work of repairing, restoring, modifying, relocating or rearranging the Project or in acquiring such additional property to form part of the Project as the Company may, in its sole discretion, deem necessary or desirable.

If at any time the Company gives notice to the Trustee of its intention to exercise the option to purchase the Project granted in Section 11.2 hereof, then, in the absence of contrary written directions from the Company, the Trustee shall thereafter hold the entire Net Condemnation Award until the exercise of such option and shall not apply any portion of such award to the payment of any costs described in subparagraphs (I) and (II) of subsection (b)(2) of this section. If the Company duly exercises such option to purchase the Project in accordance with the applicable provisions of Section 11.2 hereof, then neither the Company nor the Board shall be obligated to correct or ameliorate in any way the condition of the Project caused by such taking, in which event so much (which may be all) of such Net Condemnation Award then held by the Trustee as shall be necessary to provide for full retirement of the Bonds (as specified in Section 11.2 hereof) shall be paid or credited by the Trustee into the Bond Fund and so much of the excess thereafter remaining (if any) as shall be necessary for the payment of any other Indenture Indebtedness shall be applied by the Trustee to the payment of such other Indenture Indebtedness. Any portion of such Net Condemnation Award remaining after payment in full of the entire Indenture Indebtedness shall be paid to the Company after or simultaneously with the exercise by the Company of such option.

Section 7.3 Condemnation of Right to Use of the Project for Limited Period. If the use, for a limited period, of all or part of the Project is taken under the exercise of the power of Eminent Domain, the Lease (including, without limitation, the provisions hereof relating to the payment of Basic Rent) shall continue in full force and effect, but with the consequences specified in the succeeding provisions of this section. If the period of such taking expires on or before the expiration of the Lease Term, the Company shall be entitled to receive the entire condemnation award made therefor, whether by way of damages, rent or otherwise, and shall upon being restored to possession restore the Project to substantially the

same condition as prior to such taking, with such changes, alterations and modifications as will not significantly impair the operating utility of the Project, or change the character thereof to such extent that it will not constitute a "Project" within the meaning of the Act. If such taking occurs during the Lease Term but the period of such taking expires after the expiration of the Lease Term, the Company shall be entitled to receive that portion of the award allocable to the period from the date of such taking to the end of the Lease Term, and the Board shall be entitled to the remainder thereof; provided that if prior to the end of the Lease Term, the Company exercises either of the options to purchase the Project granted in Sections 11.2 and 11.3 hereof, the Company (rather than the Board) shall be entitled to receive the remainder of such award (if any).

Section 7.4 Condemnation of Company-Owned Property. The Company shall be entitled to any condemnation award or portion thereof made for damages to or the taking of its own property not included in the Project, but any condemnation award resulting from damages to or the taking of all or any part of the leasehold estate or other interest of the Company in the Project created by the Lease shall be applied in accordance with the provisions of Section 7.2 or 7.3 hereof, whichever may be applicable. In the event of any taking which involves both the Project and property of the Company, the Company shall be responsible for all attorney's fees and other expenses properly allocable to the taking of its own property.

Section 7.5 Cooperation of the Board in the Conduct of Condemnation Proceedings. The Board will cooperate fully with the Company in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will follow all reasonable directions given to it by the Company in connection with such proceeding. In no event will the Board settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the prior written consent of the Company.

Section 7.6 Cooperation of the Board With Respect to Restoration of the Project in the Event of Casualty or Condemnation. If, as a result of the taking of title to less than substantially all the Project or the taking of the temporary use of all or any part of the Project through the exercise of the power of Eminent Domain, or if, as a result of any event causing destruction or damage to the Project or any part thereof, the Company determines, in accordance with any applicable provision of this Article VII, to acquire (by purchase, construction or otherwise) any additional property to replace any part of the Project so taken, or to have the Project repaired, replaced, restored, modified, relocated or rearranged in order to correct or ameliorate any condition caused by such taking, damage or destruction, as the case may be, then the Board will execute and deliver, or cause to be executed and delivered, all contracts, orders, requisitions, instructions and other written instruments and do, or cause to be done, all other acts that may be necessary or proper in carrying out all such undertakings with respect to the Project. In no event, however, will the Board hereafter enter into any contract with respect to any part of such undertakings unless there is endorsed thereon a legend indicating that the Company has approved both the form and substance of such contract and such legend is signed on behalf of the

Company by an Authorized Company Representative at the time acting as such under the provisions hereof. Any obligation for the payment of money incurred or assumed by the Board in connection with such undertakings shall be payable solely out of any Net Condemnation Award or Net Insurance Proceeds held by the Trustee or from any other moneys made available to the Board by the Company under the provisions of the Lease.

Section 7.7 Provisions Relating to the Incurring of Certain Expenses after Indenture Indebtedness Paid. The Board will not, at any time after full payment of the Indenture Indebtedness, incur any expenses in connection with the collection of any insurance proceeds or any condemnation award with respect to the Project, or any part thereof, without the prior written consent of the Company.

ARTICLE VIII

PARTICULAR COVENANTS OF THE COMPANY

Section 8.1 General Covenants. The Company will not do or permit anything to be done in or about or with respect to the Project that will affect, impair or contravene any policies of insurance that may be carried on the Project against loss or damage by fire, casualty or otherwise. The Company will, in the use of the Project and the public ways abutting the Project Site, comply in all material respects with all valid and applicable laws, ordinances, rules, regulations and orders of all governmental authorities or agencies; provided, however, that the Company may in good faith contest the validity of any such laws, ordinances, rules, regulations and orders or the application thereof to the Project and in the event of any such contest defer compliance therewith during the period of such contest and the pendency of any appeal in connection therewith, unless by such action the rights or interests of the Board or the Trustee with respect to the Project or any part thereof shall be materially endangered or impaired.

Section 8.2 Release and Indemnification Covenants. The Company releases the Board (and each director, officer, employee and agent thereof) and the Trustee from, and will indemnify and hold the Board (and each director, officer, employee and agent thereof) and the Trustee harmless against, any and all claims and liabilities of any character or nature whatsoever, regardless of by whom asserted or imposed, and losses of every conceivable kind, character and nature whatsoever claimed by or on behalf of any person, firm, corporation or governmental authority, arising out of, resulting from, or in any way connected with the Project, including, without limiting the generality of the foregoing, (i) any actions relating to the acquisition, construction and installation of the Project Improvements and the New Equipment or any part thereof, (ii) the sale of the Project Improvements and (iii) the leasing of the Project to the Company and the condition, use, possession or management of the Project during the Lease Term; provided, however, that the Company shall not be obligated to indemnify any director, officer, employee or agent of the Board against any claim, liability or loss in any way connected with the Project

unless such claim, liability or loss arises out of or results from official action taken in the name and behalf of the Board by such director, officer or employee.

The Company acknowledges that it has furnished to the Series 1984 Original Purchaser, or has caused to be so furnished, certain information concerning the business and financial condition of the Company, and the Company further acknowledges that it has sought and received the assistance and cooperation of the Board in connection with the offering and sale of the Series 1984 Bonds. The Company will indemnify, hold harmless and defend the Board (and each director, officer, employee and agent thereof) against

(a) any claim or liability whatsoever arising out of or based upon any untrue or misleading statement or alleged untrue or misleading statement of any material fact contained in any of the aforesaid information furnished, or caused to be furnished, by the Company to the Series 1984 Original Purchaser, or the omission or alleged omission to state in any such information any material fact necessary to make the statements contained therein not misleading in the light of the circumstances under which such statements were made, and

(b) any claim or liability arising out of any action taken by the Board at the request of the Company (or any other person authorized to act on behalf of the Company) in connection with the offering and sale of the Series 1984 Bonds.

The Company will pay or reimburse all legal or other expenses reasonably incurred by the Board (and each director, officer, employee and agent thereof), or the Trustee, as the case may be, in connection with the investigation or defense of any action or proceeding, whether or not resulting in liability, with respect to any claim, liability or loss in respect of which indemnity may be sought against the Company under the provisions of this section.

In the event that any action or proceeding is brought against any indemnifiable party (whether the Board, or any of the Board's directors, officers, employees or agents, or the Trustee), in respect of which indemnity may be sought against the Company under the provisions of this section, such indemnifiable party shall, as a condition of the Company's liability under the provisions of this section, be obligated to notify promptly the Company in writing of the commencement of such action or proceeding and shall thereafter forward to the Company a copy of every summons, complaint, pleading, motion or other process received with respect to such action or proceeding. The Company may (and if so requested by such indemnifiable party, shall) at any time assume the defense of such indemnifiable party in connection with any such action or proceeding, and in such case the Company shall pay all expenses of such defense and shall have full and complete control of the conduct on the part of such party of any such action or proceeding, including, without limitation, the right to settle or compromise any claim giving rise to such action or

proceeding upon such terms and conditions as the Company, in its sole discretion, shall determine and the right to select Counsel for such party; provided, however, that any Counsel selected by the Company for the Board or the Trustee shall be subject to the approval of the Board or the Trustee, as in the case may be applicable, which approval shall not be unreasonably withheld. The Company shall not be obligated to indemnify any such indemnifiable party for any liability resulting from the settlement of any action or proceeding, or for any legal or other expenses incurred in connection with the investigation or defense of any action or proceeding, if such settlement was made without the Company's consent, irrespective of whether the Company had, prior to such settlement, exercised its right to assume the defense of such indemnifiable party in connection with such action or proceeding; provided, however, that if the indemnifiable party desires to settle any claim in response to a bona fide offer of settlement, and if the Company is unwilling to settle the claim in accordance with the terms of such offer, then, in that case, the Company may withhold its consent to the settlement of the claim in accordance with the terms of such offer only if it establishes an escrow for the benefit and protection of such indemnifiable party with an escrow agent acceptable to both the Company and such indemnifiable party in a principal amount equal to the difference between the claimed amount for which the indemnifiable party is potentially liable and the amount of the rejected settlement offer, and the Company shall be obligated to further indemnify such indemnifiable party to the extent that any ultimate liability of such indemnified party shall exceed any amounts actually received by such indemnifiable party pursuant to the final disposition of such escrow. The moneys in such escrow may be held in cash or invested in Eligible Certificates, Federal Securities or any combination thereof and any interest thereon shall accrue to the Company and be paid over to the Company as earned. In the event that any claim is asserted against the Board which would not be payable solely out of the proceeds of any of the Series 1984 Bonds or other funds advanced to the Board by the Company, or out of the proceeds of the sale or leasing of the Project (viz., a general, as opposed to a limited, obligation), the Company shall, at the request of the Board, provided to the Board an indemnity bond with sureties satisfactory to the Board covering the amount so claimed.

Nothing contained in this section shall be construed to indemnify the Board, or any of the Board's directors, officers, employees or agents, or the Trustee, against, or to release any of such parties from liability for, any claim, liability or loss that may result from willful misconduct or gross negligence on the part of such parties.

Anything to the contrary herein contained notwithstanding, the covenants of the Company contained in this section shall, with respect to any claim, liability or loss for which the Company is obligated to provide indemnity, remain in full force and effect after the termination of the Lease until (i) any cause of action brought in respect of such claim, liability or loss shall be barred by the applicable statute of limitation or (ii) the payment in full or the satisfaction of such claim, liability or loss, including all reasonable expenses incurred by the indemnifiable party or parties in defending against such claim, liability or loss; provided, however, that in the event any action or proceeding arguably barred by the applicable statute of limitation is brought against any indemnifiable party hereunder, the Company shall be obligated to

defend such indemnifiable party with respect to such action or proceeding, all to the end that the bar of the statute of limitation may be asserted by the Company against the party bringing such action or proceeding, but may not be asserted by the Company against the indemnifiable party in order to avoid performing any of its obligations under this section.

Section 8.3 Inspection of Project. The Company will permit the Board, the Trustee and their duly authorized agents at all reasonable times to examine and inspect the Project Realty and the Project Equipment or any part of either thereof. So long as any of the Indenture Indebtedness shall be outstanding and unpaid, the Company will also permit the Trustee and its duly authorized agents to take such action as may be necessary and convenient to cause the Project Realty and the Project Equipment to be kept in as reasonably safe condition as its operations permit and the Project Realty and the Project Equipment to be kept in good repair and operating condition, all as and to the extent provided in Sections 6.1 and 6.6 hereof.

Section 8.4 Agreement to Maintain Corporate Existence. So long as any of the Indenture Indebtedness shall be outstanding and unpaid, the Company will maintain its corporate existence, will not dissolve or sell, lease, transfer or otherwise dispose of all or substantially all its assets (either in a single transaction or in a series of related transactions), and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided that it may, without violating the agreements contained in this section (and for so long as the Series 1984 Original Purchaser shall be the Holder of any of the Bonds, only with the prior written consent of the Series 1984 Original Purchaser), consolidate with or merge into another United States Corporation, permit one or more other United States Corporations to consolidate with or merge into it, or sell, lease, transfer or otherwise dispose of all or substantially all its assets to another United States Corporation, but if and only if the following conditions are met:

(a) the corporation surviving or resulting from such consolidation or merger (if it be one other than the Company) or the corporation to which such sale, lease, transfer or other disposition shall be made, as the case may be (the "Successor Corporation"), (i) expressly assumes in writing all the obligations of the Company contained in the Lease, with the same effect as if the Successor Corporation had been named herein as a party hereto in lieu of the original Company, (ii) furnishes to the Board and the Trustee, promptly following such consolidation or merger or such sale, lease, transfer or other disposition, appropriately certified or fully executed copies of the writing by which the Successor Corporation so assumes such obligations and (iii) furnishes to the Board and the Trustee the opinions of one or more Counsel (who, although selected by the Company, shall be satisfactory to the Trustee) which, taken together, state in substance that the Successor Corporation is a duly organized and existing United States Corporation and has by such writing duly and validly assumed, and is bound by, all the obligations of the Company contained in the Lease (including, without limitation, the provisions of Section 8.9 hereof);

(b) the Successor Corporation (irrespective of whether or not it is the original Company) will not have (either immediately following such consolidation or merger or such sale, lease, transfer or other disposition or as the result of the subsequent implementation of any transaction of which such consolidation or merger or such sale, lease, transfer or other disposition forms a part) a Tangible Net Worth less than ninety-five percent (95%) of the Tangible Net Worth which the Company had at the end of the fiscal year (as shown on the audited balance sheet of the Company for such fiscal year) next preceding the implementation of any transaction (including, without limitation, such consolidation or merger or such sale, lease, transfer or other disposition itself) or series of related transactions of which such consolidation or merger or such sale, lease, transfer or other disposition forms a part;

(c) at the time of such consolidation or merger or such sale, lease, transfer or other disposition and immediately upon giving effect thereto, the Successor Corporation shall be a solvent corporation;

(d) immediately after and giving effect to such merger, consolidation or such sale, lease, transfer or other disposition, no event which constitutes an Event of Default, or which would become an Event of Default with the passage of time or the giving of notice or both, shall have occurred and be continuing; and

(e) there shall have been delivered to the Board and to the Trustee a certificate signed by the Chairman of the Board, the President or any Vice President of the Company or the Successor Corporation, as the case may be, and stating that such merger, consolidation, sale, lease, transfer or other disposition complies with the provisions of this section and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any merger, consolidation or any sale, lease, transfer or other disposition complying with the provisions of this section, the Successor Corporation shall succeed to, and be substituted for, the Company for all purposes under the Lease, with the same effect as if the Successor Corporation had been named as the Company herein. If, after a sale or transfer by the Company of all or substantially all its assets to another United States Corporation under the circumstances described in the preceding provisions of this section, the Company does not thereafter dissolve, it shall not have any further rights or obligations hereunder.

Section 8.5 Qualification in Alabama. So long as the Lease shall be in effect, the Company will continuously remain qualified to do business in the State of Alabama. If, in accordance with the permissive provisions of Section 8.4 hereof, the Company should merge into a corporation not organized and existing under the laws of the State of Alabama, should consolidate with one or more corporations under

circumstances wherein the consolidated corporation is not a corporation organized and existing under the laws of the State of Alabama or should transfer all or substantially all its assets to a corporation not organized under the laws of the State of Alabama, it will cause the corporation into which it merged, the corporation resulting from such consolidation or the corporation to which all or substantially all its assets were transferred, as the case may be, to qualify to do business in the State of Alabama and to remain so qualified at all times while the Lease shall be in effect.

Section 8.6 Covenants With Respect to Exemption of Interest on Series 1984 Bonds from Federal Income Taxation. The Series 1984 Bonds are being issued by the Board in compliance with the conditions necessary for the interest income on the Bonds to be exempt from federal income taxation pursuant to the provisions of Section 103(b)(6) of the Code relating to "industrial development bonds" substantially all the proceeds of which are to be used for the acquisition, construction, reconstruction or improvement of land or property subject to the allowance for depreciation. The Board and the Company covenant with each other and with the Trustee for the benefit of the holders of any Series 1984 Bonds, present and future, that neither of them will cause or permit the proceeds of the Series 1984 Bonds to be used in a manner which would cause the interest on the Series 1984 Bonds to lose the exemption from federal income taxation conferred by Section 103(b)(6) of the Code and the applicable regulations thereunder.

The Company will file, or cause to be filed, with the Internal Revenue Service all statements and reports required by Section 103(l) of the Code and the applicable regulations thereunder, to be so filed as a condition to continued qualification of the Series 1984 Bonds as a small issue the interest on which is exempt from federal income taxation.

Section 8.7 No-Arbitrage Covenants. Neither the Board nor the Company will take any action, or omit to take any action, with respect to the investment of any of the proceeds from the sale of the Series 1984 Bonds, or any revenues from the Project accumulated by the Board, if, as a result of such action by the Board or the Company, or the omission of the Board or the Company to take such action, as the case may be, such proceeds or revenues would be invested in a manner causing the Series 1984 Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the Code and the applicable regulations thereunder.

Section 8.8 Financial Statements. The Company will maintain proper books of record and account with respect to the Project in which it will make full and correct entries of all its business activities with respect to the Project in accordance with sound accounting practice. For so long as any of the Indenture Indebtedness shall be outstanding, the Company will furnish, or cause to be furnished, to the Trustee the following:

- (a) as soon as available and in any event within thirty (30) days after the end of each fiscal quarter of the Company, a consolidated

balance sheet and income statement of the Company and its consolidated subsidiaries (if any) for such fiscal quarter, containing such additional or explanatory information and being in such form as shall be reasonably required by the Trustee and being certified by the President or chief financial officer of the Company;

(b) as soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of the Company, copies of the consolidated balance sheet of the Company and its consolidated subsidiaries (if any) as of the end of such fiscal year and copies of the related consolidated statement of income and retained earnings and consolidated statement of changes in financial position of the Company and its consolidated subsidiaries (if any) for such fiscal year, all in reasonable detail and stating in comparative form the respective consolidated figures as of the end and for the previous fiscal year and all accompanied by a report thereon of independent certified public accountants selected by the Company and acceptable to the Trustee, which report shall contain a statement to the effect that such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied (except for changes in accordance with generally accepted accounting principles with which such accountants concur) and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances or to such other effect as shall, under the rules and practices, then current in the accounting profession, be the equivalent of the foregoing;

(c) such information relating to the performance or observance of the terms of the Lease and the Series 1984 Company Guaranty and the financial condition of the Company as the Trustee may from time to time reasonably request;

(d) immediately upon becoming aware of the existence of any default by the Company in the performance or observance of any of the covenants set forth in the Lease or the Series 1984 Company Guaranty, a written notice specifying the nature and existence thereof and what action the Company is taking and proposes to take with respect thereto;

(e) immediately upon becoming aware of the occurrence of any (i) "reportable event" (as such term is defined in Section 4043 of ERISA) or (ii) prohibited transaction (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) in connection with any employee benefit plan which is maintained for employees of the Company or any of its ERISA Affiliates and which is subject to the provisions of Title IV of ERISA, which "reportable event" or prohibited transaction might impair the

ability of the Company to perform its obligations under this Lease or the Series 1984 Company Guaranty, impair the right of the Company or any of its Affiliates to carry on their business substantially as now conducted, or materially and adversely affect the business, operations, properties, assets or condition (financial or otherwise) of the Company or any of its Affiliates, a written notice specifying the nature and existence thereof, what action the Company is taking or proposes to take with respect thereto and, when known, any action taken by the Department of Labor or the Internal Revenue Service with respect thereto;

(f) promptly after receipt thereof from the Pension Benefit Guaranty Corporation, copies of each notice received of such corporation's intention to terminate any employee benefit plan which is maintained for employees of the Company or any of its ERISA Affiliates and which is subject to Title IV of ERISA or to have a trustee appointed to administer any such plan; and

(g) immediately upon becoming aware of any action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency which, if adversely determined, might impair the ability of the Company to perform its respective obligations under the Lease or the Series 1984 Company Guaranty, impair the right of the Company to carry on its business substantially as now conducted, or materially and adversely affect the business, operations, properties, assets or condition (financial or otherwise) of the Company, a written notice describing such action, suit or proceeding and what action the Company is taking or proposes to take with respect thereto.

Section 8.9 Financial Covenants. So long as this Lease Agreement shall remain in effect

(a) the Company shall maintain a Tangible Net Worth of not less than \$700,000; and

(b) the Company shall maintain a ratio of (i) net income plus income taxes plus interest expense with respect to all indebtedness of the Company for any fiscal year (as shown on the Company's year-end financial statements which are to be furnished to the Trustee pursuant to the provisions of Section 8.8 hereof) to (ii) interest expense with respect to all indebtedness of the Company for such fiscal year of not less than 1.5 to 1, all such amounts to be calculated on the basis of generally accepted accounting principles.

Section 8.10 Further Assurances. The Company will, at its own cost and expense, take all actions that may at the time and from time to time be

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necessary to perfect, preserve, protect and secure the interests of the Board and the Trustee, or either, in and to the Project and the revenues therefrom pledged and assigned in the Indenture, including, without limitation, the filing of all financing and continuation statements that may at the time be required under the Alabama Uniform Commercial Code. The Company further agrees, without in any way limiting the generality of the foregoing, to take any and all such actions that in the judgment of the Board or the Trustee are necessary for the perfection, preservation, protection and securing of such interests.

ARTICLE IX

CERTAIN PROVISIONS RELATING TO ASSIGNMENT, SUBLEASING AND MORTGAGING AND TO THE BONDS

Section 9.1 Provisions Relating to Assignment and Subleasing by Company. Except in the case of (i) an assignment resulting from or incident to a consolidation, merger, sale or other transfer under the conditions specified in and meeting the requirements of Section 8.4 hereof or (ii) an assignment of the Lease or a subleasing of all or part of the Project to another corporation a majority of the outstanding capital stock of which is owned by the Company, the Company will not assign, transfer, convey or alienate the Lease, the leasehold interest created thereby or any interest of the Company in the Lease or the Project, nor will it sublease the Project, in whole or in part, without the prior written consent of the Trustee, which consent shall not be unreasonably withheld. In no event shall any assignee of the Lease or any sublessee of the Project or any part thereof or anyone claiming by, through or under any such assignment or sublease acquire by virtue thereof any greater rights in the Project than the Company then has under the Lease, nor shall any such assignment (except an assignment resulting from or incident to a consolidation, merger or transfer under the conditions specified in and meeting the requirements of Section 8.4 hereof) or subleasing or any dealings or transactions between the Board or the Trustee or any sublessee or assignee in any way relieve the Company from primary liability for any of its obligations hereunder. Thus, in the event of any such assignment or subleasing, the Company shall, unless such assignment results from or is incident to a consolidation, merger or transfer under the conditions specified in and meeting the requirements of Section 8.4 hereof, continue to remain primarily liable for payment of the rentals herein provided to be paid by it and for performance and observance of the other agreements and covenants on its part herein provided to be performed and observed by it.

Section 9.2 Mortgaging of the Project by Board. It is understood and agreed that the Board will mortgage the Project to the Trustee as security for the payment of the Bonds, subject to the Lease (which Lease and the estate of the Company hereunder shall be prior and superior to the lien of the Indenture), and will assign its interest in the Cook Mortgage and (other than its right to require the Company to pay certain expenses as provided in Sections 5.4 and 10.4 hereof, the indemnification rights contained in Section 8.2 hereof and certain other rights which are herein expressly provided to be exercised by the Board) in the Lease and pledge

any moneys receivable hereunder to the Trustee as security for payment of the principal of and the interest and premium (if any) on the Bonds. It is further understood and agreed that in the Indenture the Board will obligate itself to follow the instructions of the Trustee or the holders of the Bonds or a certain percentage of the latter in the election or pursuit of any remedies herein vested in it. Upon the assignment and pledge to the Trustee of the Board's interest in the Cook Mortgage and the Lease, the Trustee shall have all rights and remedies in the Cook Mortgage and herein accorded the Board (other than the aforesaid rights reserved to the Board), and any reference in the Cook Mortgage or herein to the Board shall be deemed, with the necessary changes in detail, to include the Trustee; and the Trustee and the holders of the Bonds shall be deemed to be third party beneficiaries of the covenants and agreements on the part of the Company contained in the Cook Mortgage or in the Lease and shall, to the extent provided in the Indenture, be entitled to enforce performance and observance of the agreements and covenants on the part of the Company contained in the Cook Mortgage or in the Lease to the same extent as if they were parties to such respective instruments. Subsequent to the issuance of the Bonds and prior to the payment of the Indenture Indebtedness in full, the Board and the Company shall have no power to modify, alter, amend or (except as specifically authorized herein) terminate the Cook Mortgage or the Lease without the prior written consent of the Trustee and then only as provided in the Indenture. The Board will not, so long as no Event of Default shall have occurred and be continuing, amend the Cook Mortgage or the Indenture or any indenture supplemental thereto without the prior written consent of the Company.

Without the prior written request or consent of the Company, the Board will not, so long as no Event of Default shall have occurred and be continuing, hereafter issue any Bonds or other securities (including refunding securities), other than the Series 1984 Bonds, that are payable out of or secured by a pledge of the revenues and receipts derived by the Board from the leasing or sale of the Project, nor, without such consent, will the Board, so long as no Event of Default shall have occurred and be continuing, hereafter place any mortgage or other encumbrance (other than the Cook Mortgage, the Indenture and supplemental indentures contemplated thereby) on the Project or any part thereof.

Section 9.3 References to Bonds Ineffective After Indenture Indebtedness Paid. Upon full payment of the Indenture Indebtedness and cancellation, satisfaction and discharge of the Indenture in accordance with the provisions of Section 16.1 thereof, all references in the Lease to the Bonds and the Trustee shall be ineffective and neither the Trustee, nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting any that shall have theretofore vested or shall otherwise be expressly provided herein to survive the termination of this Lease Agreement. For purposes of the Lease, any of the Bonds shall be deemed fully paid if there exists, with respect thereto, the applicable conditions specified in Section 16.1 of the Indenture.

If the Indenture Indebtedness is fully paid prior to the end of the Lease Term, the Company shall be entitled to use of the Project for the remainder of the

Lease Term without the payment of any further Basic Rent but otherwise on all the same terms and conditions hereof.

Section 9.4 Concerning Issuance of Additional Parity Bonds. The Board and the Company recognize that the Board is authorized to issue under the Indenture, upon compliance with the conditions precedent specified therein, one or more series of Additional Bonds for any one or more of the purposes specified in the Indenture. If no Event of Default shall have occurred and be continuing, the Board will, on the written request of the Company and upon compliance with the applicable conditions contained in Article VIII of the Indenture, take such actions as are necessary to authorize the issuance and sale of Additional Bonds in such principal amount and for such purpose or purposes as are specified in such request and will use its best efforts to effect the sale thereof. To the extent consistent with all applicable provisions of the Indenture and the Lease, all terms and conditions of such Additional Bonds (including, without limitation, those relating to the maturity dates of the principal of such Additional Bonds, the interest rate or rates thereof and the provisions for redemption thereof prior to their respective maturities) and the purchase price to be paid therefor shall be subject to the approval of the Company.

Section 9.5 Disposition of Trust Fund Moneys After Full Payment of Indenture Indebtedness. The Board hereby assigns to the Company all surplus moneys (if any) that may remain in the Construction Fund and the Bond Fund or that may otherwise be held by the Trustee after the Indenture Indebtedness has been fully paid, such assignment to be subject to the condition that the Lease shall not have been terminated prior to full payment of the Indenture Indebtedness as a result of the occurrence of an Event of Default. The Board will provide in the Indenture for such surplus moneys to be paid to the Company in accordance with such assignment. It is understood and agreed that surplus moneys remaining in the Bond Fund or otherwise held by the Trustee shall not include (i) any amounts so held for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest and (ii) any amounts held therein which are referable to unmatured Bonds and coupons if such Bonds and coupons are considered fully paid pursuant to the provisions of Section 16.1 of the Indenture by reason of the fact that such amounts are so held by the Trustee. The provisions of this section shall survive the expiration or prior termination of the Lease.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined. The following shall be "Events of Default" under the Lease, and the term "Event of Default" shall mean, whenever it is used in the Lease, any one or more of the following events:

- (a) failure by the Company to pay any installment of Basic Rent or to make any other payment required under the terms hereof [other than

any payment referred to in clause (b) of this section] on the date on which such installment or such payment shall become due and payable by the terms of the Lease and the continuation of such failure for a period of five (5) days beyond such due date;

(b) failure by the Company to pay any amount due the Trustee for its reasonable fees, charges and disbursements within thirty (30) days after written demand for such payment by the Trustee, which demand shall not be made earlier than the date on which such amount is due and payable;

(c) failure by the Company to perform or observe any agreement, covenant or condition required by the Lease to be performed or observed by it [other than the agreements and covenants referred to in the preceding clauses (a), (b) and (f), of this section], which failure shall have continued for a period of thirty (30) days after written notice specifying, in reasonable detail, the nature of such failure and requiring the Company to perform or observe the agreement, covenant or condition with respect to which it is delinquent shall have been given to the Company by the Board or the Trustee, unless (i) the Board and the Trustee shall agree in writing to an extension of such period prior to its expiration, or (ii) during such thirty (30) day period or any extension thereof, the Company has commenced and is diligently pursuing appropriate corrective action, or (iii) the Company is by reason of force majeure at the time prevented from performing or observing the agreement, covenant or condition with respect to which it is delinquent;

(d) failure by the Company to pay any installment of principal of, or interest on, any other indebtedness for borrowed money in excess of \$10,000, whether at maturity, by call for redemption, demand for payment, acceleration, declaration or otherwise, and such principal and interest, or any part thereof, shall remain unpaid for more than the period of grace, if any, provided for therein;

(e) any warranty, representation or other statement by or on behalf of the Company contained in the Lease, or in any other document furnished by the Company in connection with the issuance or sale of any of the Bonds, being false or misleading in any material respect at the time made;

(f) the dissolution or liquidation of the Company under conditions other than those permitted by the provisions of Section 8.4 hereof in the case of the merger of the Company into another corporation, the consolidation of the Company with another corporation or the dissolution of the Company following a transfer of all or substantially all its assets to another corporation;

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(g) the occurrence of a default or event of default under the Series 1984 Company Guaranty, the Series 1984 Shareholder Guaranty, the Cook Mortgage, the Jefferson Federal Mortgage or the Chase Security Agreement, and the expiration of any applicable grace period thereunder;

(h) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Company or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; or

(i) the commencement by the Company of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of any general assignment for the benefit of creditors, or the failure of the Company generally to pay its debts as such debts become due, or the taking of corporate action by the Company in furtherance of any of the foregoing.

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The term "force majeure" as used herein means acts of God or the public enemy, strikes, lockouts, work slowdowns or stoppages or other labor disputes, insurrections, riots or other civil disturbances, orders of the government of the United States of America or of any state of the United States of America or of any of the departments, agencies, political subdivisions or officials of the United States of America or of any state thereof, or orders of any other civil or military authority, or partial or entire failure of public utilities, or any other condition or event beyond the reasonable control of the Company. The Company will, to the extent that it may lawfully do so, use its best efforts to remedy, alleviate or circumvent any cause or causes preventing it from performing its agreements and covenants hereunder; provided, however, that the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the Company, and the Company shall not be required to settle strikes, lockouts and other labor disputes by acceding to the demands of the opposing party or parties when such course is in its judgment against its best interests.

Section 10.2 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Board and the Trustee, or the Trustee on behalf of the Board, may take any one or more of the following remedial actions:

(a) take possession of the New Equipment and thereafter rent the same for the account of the Company to a user of the Project Building or any part thereof or remove all or any part of the New Equipment from the Project Site and rent the same for the account of the Company, holding the Company liable for the balance of all rent and other amounts due under the Lease;

(b) terminate the Lease, take possession of the New Equipment and thereafter lease or sell all or any part thereof for the account of the Board to a user of the Project Building or any part thereof other than the Company or any Affiliate thereof or remove all or any part of the New Equipment from the Project Site and lease or sell the same for the account of the Board, and the Trustee, holding the Company liable for all rent and other amounts due under the Lease until the date such other lease is made for the account of the Board and the Trustee;

(c) declare immediately due and payable Basic Rent in an amount equal to the principal amount of all outstanding Bonds plus interest accrued on such Bonds to the date of such declaration, whereupon the Basic Rent shall become immediately due and payable, but only if, concurrently with such declaration, the principal of and accrued interest on the Bonds are also declared due and payable pursuant to subsection (a) of Section 13.2 of the Indenture;

(d) have access to, and inspect, examine and make copies of, the books, records and accounts of the Company, but if and only if any of the Bonds are then outstanding; and

(e) take whatever legal proceedings may appear necessary or desirable to collect the rent then due, whether by declaration or otherwise, or to enforce any obligation, covenant or agreement of the Company under the Lease or any obligation of the Company imposed by any applicable law;

provided, however, that neither the Board nor the Trustee, nor the Trustee on behalf of the Board, shall take any remedial actions described in either of subparagraphs (a) and (b) of this section unless the Event of Default authorizing such action shall have continued for a period of at least thirty (30) days.

Section 10.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Board or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease 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 Event of Default shall impair any such right or

power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Board or the Trustee to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as is herein expressly required.

Section 10.4 Agreement to Pay Attorneys' Fees. In the event that, as a result of an Event of Default or a threatened Event of Default by the Company, the Board or the Trustee should employ attorneys at law or incur other expenses in or about the collection of rent or the enforcement of any other obligation, covenant, agreement, term or condition of the Lease, the Company will, if the Board or the Trustee is successful in such efforts or if a final judgment for either is rendered by a court of competent jurisdiction, pay to the Board or to the Trustee or both, as the case may be, reasonable attorneys' fees and other reasonable expenses so incurred by the Board and the Trustee.

Section 10.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in the Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. Further, neither the receipt nor the acceptance of any rent hereunder by the Board, or by the Trustee on its behalf, shall be deemed to be a waiver of any breach of any covenant, condition or obligation herein contained or a waiver of any Event of Default even though at the time of such receipt or acceptance there has been a breach of one or more covenants, conditions or obligations on the part of the Company herein contained or an Event of Default (or both) and the Board or the Trustee (or both) have knowledge thereof.

ARTICLE XI

OPTIONS

Section 11.1 Options to Terminate the Lease During the Lease Term. The Company shall have the right, exercisable at its option, to cancel or terminate the Lease during the Lease Term upon compliance with the conditions specified in the succeeding provisions of this Section 11.1:

(a) At any time prior to full payment of the entire Indenture Indebtedness, the Company may cancel or terminate the Lease by (i) giving the Board and the Trustee written notice of such termination and specifying in such notice the date on which such termination is to be effective and (ii) paying to the Trustee for the account of the Board, on or before the effective date of such termination, an amount which, when added to the total of the amounts then held in the Construction Fund and the Bond Fund (exclusive of any amount held therein for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed

and matured but unpaid interest), will be sufficient to pay, redeem and retire all the outstanding Bonds on the earliest practicable date next succeeding the effective date of such termination on which under their terms and the terms of the Indenture they may be paid or redeemed, including, without limitation, principal, premium (if any), all interest to mature until and on such payment or redemption date, the expenses of redemption and all other Indenture Indebtedness then owed and that will accrue until the payment, redemption and retirement of all the outstanding Bonds.

(b) At any time after the entire Indenture Indebtedness has been fully paid, the Company may cancel or terminate the Lease by giving the Board written notice of such termination not less than ten (10) days prior to the date on which such termination is to be effective.

Any cancellation or termination of the Lease as aforesaid notwithstanding, any obligations or liabilities of the Company hereunder, actual or contingent, which have arisen on or before the effective date of such cancellation or termination shall remain in full force and effect.

Section 11.2 Option to Purchase Prior to Payment of Bonds. While any of the Indenture Indebtedness is outstanding and unpaid, the Company shall have the right and option, hereby granted by the Board, to purchase the Project at and for a purchase price equal to the amount which, when added to the total of the amounts then held in the Construction Fund and the Bond Fund (exclusive of any amount held therein for payment of matured but unpaid Bonds, Bonds called for redemption but not yet redeemed and matured but unpaid interest), plus the amount of any Net Insurance Proceeds or Net Condemnation Award then held by the Trustee, will be sufficient to pay, redeem and retire all the outstanding Bonds on the date of purchase, or on the earliest practicable succeeding date on which under their terms and the terms of the Indenture they may be paid or redeemed, including, without limitation, principal, premium (if any), all interest to mature until and on such payment or redemption date, the expenses of redemption and all other Indenture Indebtedness then owed and that will accrue until the payment, redemption and retirement of all the outstanding Bonds.

In order to exercise such option, the Company shall give to the Board and the Trustee written notice of its intention to exercise such option and shall specify therein the date of purchase, which (subject to the provisions of the last paragraph of this section) shall be not less than twenty (20) nor more than sixty (60) days after the date such notice is mailed or otherwise delivered. Upon receipt of such notice from the Company and without the necessity of the purchase price being deposited with the Trustee, the Board will take, and will cause the Trustee to take, all preliminary action necessary under the provisions of the Indenture to effect the payment, redemption and retirement of all the outstanding Bonds. On the date of purchase so specified, the Company shall pay the aforesaid purchase price to the Trustee (for the account of the Board) in immediately available funds; provided, however, that if on

the date of purchase the entire Indenture Indebtedness has been paid in full, the Company shall not be required to pay any such amount in order to entitle it to exercise such option, in which event (any provision herein to the contrary notwithstanding) any Net Insurance Proceeds or Net Condemnation Award held by the Trustee shall be paid to the Company simultaneously with or promptly after the exercise of such option. Upon receipt of the amount required by this section to be paid by the Company as the purchase price of the Project (if payment of any such amount is required), and if at such time the Company is not in default in payment of the rent or any other amounts due hereunder, the Board will, by deed or other appropriate instrument complying with the provisions of Section 11.4 hereof, transfer and convey the Project (or such portion thereof - which may be none - as is then in existence and is owned by the Board) in its then condition, whatever that may be, to the Company.

In the event that the option granted by this section is exercised by the Company at any time after the taking of all or substantially all the Project under the exercise of the power of Eminent Domain, the date of purchase of the Project pursuant to such option shall not, irrespective of the date specified therefor in the notice given pursuant to the provisions of this section, be later than the date on which the Lease terminates in accordance with the provisions of Section 7.2(a) hereof, which date of termination shall be the forty-fifth (45th) day after the receipt by the Trustee of the final installment of the entire condemnation award in respect of such taking.

Section 11.3 Option to Purchase After Payment of Bonds. If the Company pays all rent and other amounts due hereunder, it shall have the right and option, hereby granted by the Board, to purchase the Project from the Board at any time during the Lease Term after payment in full of the Indenture Indebtedness, at and for a purchase price equal to the sum of \$100. To exercise any such purchase option, the Company shall notify the Board in writing not less than thirty (30) days prior to the date on which it proposes to effect such purchase and, on the date of such purchase, shall pay the aforesaid purchase price to the Board in cash or bankable funds, whereupon the Board will, by deed or other instrument complying with the provisions of Section 11.4 hereof, transfer and convey the Project (in its then condition, whatever that may be) to the Company. If at the end of the Lease Term no Event of Default shall have occurred and be continuing, the Company shall be deemed to have exercised such purchase option unless it notifies the Board in writing to the contrary at least thirty (30) days before the end of the Lease Term, and, in the event of such automatic exercise by the Company of its option to purchase the Project, the date of purchase shall be the last day of the Lease Term or such other date within sixty (60) days thereafter as shall be designated by the Company. Nothing herein contained shall be construed to give the Company any right to any rebate to or refund of any rent paid by it hereunder prior to the exercise by it of the purchase option hereinabove granted, even though such rent may have been wholly or partially prepaid.

Section 11.4 Options - In General. Each of the options herein granted to the Company may be exercised by it even though an Event of Default shall have

occurred and be continuing, it being understood and agreed, however, that all other applicable conditions specified herein to the exercise of such option (including payment of any amounts of money herein required to be paid by the Company) are met.

In the event of the exercise by the Company of any of the options to purchase the Project or any part thereof granted in Sections 11.2 and 11.3 hereof, the Board will convey to the Company, after compliance by the Company with the conditions to purchase specified in the respectively applicable sections hereof, the property with respect to which such option was exercised by statutory warranty deed, bill of sale (in the case of personal property) or other appropriate instrument, subject only to Permitted Encumbrances, such liens, encumbrances and exceptions to which title to such property was subject when this Lease Agreement was delivered or such property was acquired by the Board (whichever occurred last), those to the creation or suffering of which the Company consented and those resulting from the failure of the Company to perform or observe any of the agreements or covenants on its part herein contained.

In case that, at the time of the exercise by the Company of either of the options to purchase the Project granted in Sections 11.2 and 11.3 hereof, there shall not have been collected by the Board, the Trustee or the Company the entire insurance proceeds or condemnation award referable to any damage, destruction or condemnation with respect to the Project which may have theretofore occurred, then in such case all Net Insurance Proceeds and all Net Condemnation Awards thereafter collected and referable to such damage, destruction or condemnation shall be paid to the Company, and the Board will take all actions necessary to cause the amount of any such proceeds or awards to be paid to the Company. The provisions of this paragraph shall survive the expiration of the term of the Lease or any prior termination of the Lease unless at the time of such expiration or termination the Company is in default in the payment of any amounts of money herein required to be paid by it.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Covenant of Quiet Enjoyment. Surrender. So long as the Company performs and observes all the covenants and agreements on its part herein contained, it shall peaceably and quietly have, hold and enjoy the Project during the Lease Term subject to all the terms and provisions hereof. At the end of the Lease Term or upon any prior termination of the Lease, the Company will surrender to the Board possession of all property then subject to the demise of the Lease (unless it is simultaneously purchasing such property from the Board) in its then condition, whatever that may be.

Section 12.2 Retention of Title to Project by Board. Granting of Easements. Without the prior written consent of the Company, the Board will not

itself, so long as no Event of Default shall have occurred and be continuing, (i) sell, convey or otherwise dispose of all or any part of the Project (except as provided in Section 11.6 of the Indenture or to the Company as provided in Article XI hereof), (ii) mortgage or otherwise encumber the Project or any part thereof (except as provided in Section 9.2 hereof), or (iii) dissolve or do anything that will result in the termination of its corporate existence (except as provided in Section 11.6 of the Indenture). The Board will, however, grant such utility, access and other similar easements, permits and rights-of-way over, across or under the Project Site as shall be requested in writing by the Company, provided that in connection with the grant of each such easement, permit or right-of-way the Company furnishes to the Board and the Trustee a certificate signed by an Authorized Company Representative stating that such easement, permit or right-of-way is, or will be, useful or necessary in the operation of the Project and will not materially interfere with or impair the use of the Project for the purpose for which it was acquired or is held by the Board. The Company will pay all reasonable expenses incurred by the Board in connection with the granting of all such easements, permits and rights-of-way.

Section 12.3 Exemption from Taxation. As provided in the Act, as now existing, the Bonds and the income therefrom, as well as the Project and any revenues derived by the Board from the leasing or sale thereof, shall be exempt from all taxation in the State of Alabama.

Section 12.4 This Lease a Net Lease. The Company recognizes and understands that it is the intention hereof that the lease herein made shall be a net lease and that until the Bonds are fully paid all Basic Rent shall be available for payment of the principal and the interest and premium (if any) on the Bonds. The Lease shall be construed to effectuate such intent.

Section 12.5 Statement of Intention Regarding Certain Tax Matters. The Board and the Company acknowledge and agree that it is their mutual intention that the Company, for federal and state income tax purposes, will be entitled to all deductions and credits with respect to the Project (including, but not limited to, depreciation and investment credits) and that for such purposes the Lease will be deemed to be a financing of the Project.

Section 12.6 Notices. All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given if in writing and delivered in person to the following addresses or received by certified or registered mail, postage prepaid with return receipt requested, at such addresses:

(a) If to the Board:

The Industrial Development Board
of Shelby County
Shelby County Courthouse
Columbiana, Alabama 35051
Attention: Chairman of the Board of Directors

(b) If to the Company:

Cook Publications, Inc.
Post Office Box 10567
Birmingham, Alabama 35202

(c) If to the Shareholder:

A. Philip Cook, Jr.
Post Office Box 10567
Birmingham, Alabama 35202

(d) If to the Trustee:

AmSouth Bank N.A.
Post Office Box 11426
Birmingham, Alabama 35202
Attention: Corporate Trust Administration

Any of the above mentioned parties may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. A copy of any notice given to the Board, the Company or the Trustee pursuant to the provisions of the Lease shall also be given to each of the other above-named parties to whom notice is not herein required to be given, but the failure to give a copy of such notice to any party claiming the right to receive it pursuant to this sentence shall not invalidate such notice or render it ineffective unless notice to such party is otherwise herein expressly required. Any notice hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

Whenever, under the provisions hereof, any request, consent or approval of the Board or the Company is required or authorized, such request, consent or approval shall (unless otherwise expressly provided herein) be signed on behalf of the Board by an Authorized Board Representative and, on behalf of the Company by an Authorized Company Representative; and each of the parties and the Trustee are authorized to act and rely upon any such requests, consents or approvals so signed.

Section 12.7 Certain Prior and Contemporaneous Agreements Cancelled. Except for the Inducement Agreement, the Lease shall completely and fully supersede all other prior or contemporaneous agreements, both written and oral, between the Board and the Company relating to the Project Improvement Work and the leasing of the Project, and if any provision of the Inducement Agreement is in conflict with any provision of the Lease, such provision of the Inducement Agreement shall be deemed amended or modified to the extent necessary to avoid such conflict, all to the end that the Board and the Company shall look to the Lease for ultimate definition and determination of their respective rights, liabilities and responsibilities

respecting the Project Improvement Work and the Project. The Company and the Board acknowledge that they have no outstanding agreement, commitment or understanding, either express or implied, for the grant to the Company of any option to purchase the Project or any part thereof or of any option to renew the term of the Lease, other than those options contained in Article XI hereof.

Section 12.8 Limited Liability of Board. The Board is entering into this Lease Agreement pursuant to the authority conferred upon it by the Act. No provision hereof shall be construed to impose a charge against the general credit of the Board or any personal or pecuniary liability upon the Board except with respect to the proper application of the proceeds to be derived from the sale of the Bonds, moneys made available by the Company to the Board pursuant to the provisions hereof, and the revenues and receipts to be derived from any leasing or sale of the Project, including insurance proceeds and condemnation awards. Further, none of the directors, officers, employees or agents of the Board shall have any personal or pecuniary liability whatever hereunder or any liability for the breach by the Board of any of the agreements on its part herein contained. Nothing contained in this section, however, shall relieve the Board from the observance and performance of the several covenants and agreements on its part herein contained or relieve any director, officer, employee or agent of the Board from performing all duties of his respective offices that may be necessary to enable the Board to perform the covenants and agreements on its part herein contained.

Section 12.9 Binding Effect. The Lease shall inure to the benefit of, and shall be binding upon, the Board, the Company and their respective successors and assigns. To the extent provided herein and in the Indenture, the Trustee and the holders of the Bonds shall be deemed to be third party beneficiaries hereof, but nothing herein contained shall be deemed to create any right in, or to be for the benefit of, any other person who is not a party hereto.

Section 12.10 Severability. In the event any provision of the Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. Without in any way limiting the generality of the foregoing, the Company specifically acknowledges and agrees that the several purchase options granted it in Article XI hereof are fully severable from and independent of the other provisions hereof and that neither the invalidity or unenforceability of any of such purchase options shall invalidate or render unenforceable any other provision hereof nor excuse the Company from fully performing and observing any of the agreements and covenants on its part herein contained.

Section 12.11 Article and Section Captions. The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

Section 12.12 Governing Law. The Lease shall in all respects be governed by and construed in accordance with the laws of the State of Alabama.

IN WITNESS WHEREOF, the Board and the Company have caused this Lease Agreement to be executed in their respective corporate names, have caused their respective corporate seals to be hereunder affixed, and have caused this Lease Agreement to be attested, all by their duly authorized officers, in seven (7) counterparts, each of which shall be deemed an original, and the parties hereto have caused this Lease Agreement to be dated as of May 1, 1984, although executed and delivered on May 18, 1984.

THE INDUSTRIAL DEVELOPMENT BOARD
OF SHELBY COUNTY

By

W. M. Rye

Chairman of its Board of Directors

ATTEST:

James D. Rame
Its Secretary

[SEAL]

COOK PUBLICATIONS, INC.

By

A. H. Cook

Its President

ATTEST:

Margaret B. Cook
Its Secretary

[SEAL]

STATE OF ALABAMA)
Shelby COUNTY)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that M. M. ARGO, JR., whose name as Chairman of the Board of Directors of THE INDUSTRIAL DEVELOPMENT BOARD OF SHELBY COUNTY, a public corporation and instrumentality under the laws of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said public corporation.

GIVEN under my hand and official seal of office, this 17th day of May, 1984.

[NOTARIAL SEAL]

E. A. R. R. R.

Notary Public

My Commission Expires: 9/9/88

STATE OF ALABAMA)
Shelby COUNTY)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that A. PHILIP COOK, JR., whose name as President of COOK PUBLICATIONS, INC., a corporation organized and existing under the laws of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

GIVEN under my hand and official seal of office, this 17th day of May, 1984.

[NOTARIAL SEAL]

Charles E. Brown

Notary Public

My Commission Expires: 3/24/87

EXHIBIT A

**to
LEASE AGREEMENT
between
THE INDUSTRIAL DEVELOPMENT BOARD
OF SHELBY COUNTY
and
COOK PUBLICATIONS, INC.
dated as of May 1, 1984**

The Existing Equipment referred to in the Lease Agreement of which this Exhibit A forms a part consists of the following:

*One Goss Eight-Unit, Two Folder Signature HV Press, Serial Nos. S-2510 and S-2517, and all related equipment, including parts, accessories and attachments, together with all additions, attachments, accessories and improvements thereto

*Acquired by the Company prior to the delivery of the Inducement Agreement.

EXHIBIT B
to
LEASE AGREEMENT
between
THE INDUSTRIAL DEVELOPMENT BOARD
OF SHELBY COUNTY
and
COOK PUBLICATIONS, INC.
dated as of May 1, 1984

The New Equipment referred to in the Lease Agreement of which this Exhibit B forms a part consists of the following:

One Cary Ribbon Deck
One 60 Horsepower Fincor Motor
One Diplomat Horizontal Camera and Related Computer System
One Royal Zenith Two-Color 19x25 Press
One Model 108 Counterveyor

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STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED
1984 MAY 25 PM 12:36
Thomas W. [Signature]
JUDGE OF THE EASE

Fee 123.00
Ind 1.00

124.00