

WHEREAS, this is the mortgage or deed of trust so approved and adopted, and the said bond and coupon thereunto annexed, and the certificate of the Trustee to be endorsed on the said bond are in substantially the following form:—

(Form of Bond)

UNITED STATES OF AMERICA  
STATE OF SOUTH CAROLINA  
CAROLINA MOUNTAINS, INC.

FIRST MORTGAGE, GOLD, SINKING FUND, 7 PER CENT, COUPON BONDS.

No..... \$.....

KNOW ALL MEN BY THESE PRESENTS, that the Carolina Mountains, Inc., a corporation organized and existing under the Laws of the State of South Carolina, is indebted, and for value received, promises to pay to the bearer hereof, or to the registered holder of this bond, if the same be registered, the sum of One thousand dollars (\$1,000.00) in gold coin of the United States of America of the present standard of weight and fineness, on the 1st day of January, 1936, at the office of the Hanover National Bank, in the City of New York, with interest at the rate of seven per cent. (7%) per annum, payable semi-annually at said office, in like gold coin, on the 1st days of July and January in each year, upon the surrender of the annexed coupons therefor as they severally mature.

Both principal and interest of this bond are payable without deduction for any United States, State, Municipal or other tax or taxes which said Carolina Mountains, Inc., may be required to pay or deduct therefrom under or by reason of any present or future law. The said Company hereby agrees to pay or refund to the holder hereof, the normal Federal Income Tax not to exceed two (2) per centum, and to further pay or refund to the resident holder hereof, all taxes, assessments and governmental charges, which shall or may be assessed upon or against this bond or the resident holder hereof, not to exceed four (4) mills, for Pennsylvania, Connecticut, and Vermont; four and one-half (4½) mills for Maryland; five (5) mills for District of Columbia; not to exceed three (3%) per centum of interest per annum for New Hampshire State Tax; not to exceed six (6%) per cent of interest per annum for Massachusetts State Income Tax, upon proper notice as provided in the Indenture of Mortgage or Deed of Trust hereinafter mentioned.

This bond is one of a duly authorized issue of one thousand five hundred (1,500) bonds of like date and tenor, bearing interest at the rate of seven per centum (7%) per annum, of which bonds numbered from one (1) to fifteen hundred (1500) inclusive are in the principal amount of one thousand (\$1,000.00) each, issued or to be issued in pursuance of and subject to the terms of the mortgage or deed of trust hereinafter referred to, but so that the aggregate amount of said bonds, both registered and unregistered, shall not exceed the total sum of one million five hundred thousand dollars (\$1,500,000.00). All of said bonds are equally and ratably secured, without preference, by a mortgage or deed of trust, dated the 15th day of December, 1925, executed by said Carolina Mountains, Inc., to the Central National Bank of Spartanburg, Spartanburg, S. C., as Trustee, conveying the property of CAROLINA MOUNTAINS, INC., as described in said deed of trust or mortgage, to which reference is hereby made, for a description of the said property, mortgaged and the nature and extent of the security, and the rights of the holders of said bonds, under the same and the terms and conditions upon which said bonds are issued and secured.

This bond is entitled to the benefit of a Sinking Fund, created for the purchase, redemption and retirement of said bonds, and the Company covenants to pay to the Trustee under said indenture, a sum equal to twenty per cent. (20%) of the moneys received by the Company from all sales of said mortgaged property, made before the maturity and redemption of this bond, and in case of failure to make such payments, this bond may be made due and payable forthwith in the manner provided in said indenture.

This bond is subject to redemption, at the option of the Company, on January 1st, 1928, at 104% and accrued interest; on January 1st, 1929, at 103% and accrued interest; on January 1st, 1930, at 102% and accrued interest; on January 1st, 1931, at 101% and accrued interest; and thereafter on any annual payment date at par and accrued interest.

This bond may be registered, in the name of the owner, on the books of the corporation, such registration to be indorsed thereon, and thereafter no transfer shall be valid unless made on the books of the Company by the registered owner and similarly indorsed hereon, but said bond may again be made payable to bearer by like transfer, and thereafter pass by delivery until again registered. Notwithstanding such registration the coupons hereon shall remain and be negotiable by delivery and payable to bearer on presentation.

The holder of this bond shall have the right and option to apply the same to the purchase of property of the Company at pre-opening prices less ten per centum (10%).

This bond shall not become obligatory for any purpose until it shall have been authenticated by the certificate, hereon indorsed, of the Trustee under said mortgage or deed of trust.

IN WITNESS WHEREOF, the Carolina Mountains, Inc., has caused these presents to be signed by its president or vice-president, and its