

MORTGAGE OF REAL ESTATE

37276 PROVISIONS—HARRARD CO.—GREENVILLE

and deliver the same to the Trustee, and upon surrender of such temporary bonds, or any of them, the Trustee shall authenticate and deliver in exchange therefor definitive bonds for the same aggregate principal amount as the temporary bonds surrendered, and of like series and maturity as the said temporary bonds, and shall cancel any temporary bond so surrendered, with all unmatured coupons, if any, thereto appertaining, and incinerate the same.

ARTICLE THREE

SERIES A BONDS AND INITIAL ISSUE OF BONDS.

SECTION 3.01. There is hereby created and authorized a series of bonds designated First Mortgage 5% Twenty-Five Year Bonds, Series A. The Bonds of Series A shall be issued in the form of coupons. Bonds of Series A shall be dated July 1, 1936, shall bear interest from the date thereof, and shall be of the denomination of one thousand dollars (\$1,000), numbered M-1 and upwards. The bonds of Series A and the interest coupons thereto appertaining shall be respectively substantially in the forms in this indenture set forth. All bonds of Series A shall mature on July 1, 1961, shall bear interest at the rate of five per cent (5%) per annum, payable semi-annually on the first day of January and of July in each year, both principal and interest being payable in lawful money of the United States of America; principal of and interest on the bonds of the said series to be payable at the principal office of City National Bank and Trust Company of Chicago, or of its successor in trust under this indenture, in the City of Chicago and State of Illinois. The bonds of said series shall be subject to redemption at the office of the Trustee in whole or in part at any time prior to maturity, upon at least sixty (60) days' prior notice give as provided in article eight hereof and upon payment of the principal amount of the bond or bonds to be redeemed, interest accrued thereon to the date of such redemption, and a premium equal to four per cent (4%) of such principal amount if such redemption be effected on or before July 1, 1941, three per cent (3%) of such principal amount if such redemption be effected after July 1, 1941, and on or before July 1, 1946, two per cent (2%) of such principal amount if such redemption be effected after July 1, 1946, and on or before July 1, 1951, one per cent (1%) of such principal amount if such redemption be effected after July 1, 1951, and on or before July 1, 1956, and thereafter without premium.

SECTION 3.02. In order to provide for the reduction from time to time of the indebtedness evidenced by the bonds of Series A issued hereunder, by the deposit, purchase or redemption of bonds of Series A, the Company covenants that so long as any of said bonds of Series A are outstanding hereunder, it will establish a special fund to be known as a "sinking fund", to be computed and used in the manner and for the purposes hereinafter in this section specified.

The Company covenants that it will deposit or cause to be deposited with the Trustee to the credit of said sinking fund on or before the first day of July, 1937, and on or before the first day of July in each year thereafter, an amount equal to one per cent (1%) of the greatest aggregate principal amount of bonds of Series A at any time outstanding hereunder. Each such deposit be made (1) to the extent of fifty per cent (50%) thereof in cash and/or, at the option of the Company, in bonds of Series A, taken at the principal amount thereof and accompanied by all unmatured interest coupons thereto appertaining, and (2) to the extent of fifty per cent (50%) thereof in cash.

Cash deposited to the credit of the said sinking fund for bonds of Series A pursuant to the provisions of clause (1) of the second paragraph of this section shall be applied as soon as conveniently may be by the Trustee to the purchase from time to time (at the lowest prices obtainable with reasonable diligence, but not exceeding the redemption price then in effect) of outstanding bonds of Series A (together with all appertaining unmatured interest coupons) upon tender or in the open market or upon any exchange; provided, however, that if on the seventy-fifth (75th) day after the date of any sinking fund deposit the Trustee has cash thus deposited and not so expended equal to or exceeding the sum of five thousand dollars (\$5,000.00), such cash shall be applied by the Trustee to the redemption in the manner prescribed in article eight hereof of outstanding bonds of Series A in an amount sufficient to exhaust as nearly as may be such cash, after deducting therefrom and paying all costs and expenses of such redemption. In the event that persons present to the Trustee on equally terms more bonds of Series A than can by the Trustee be purchased, the Trustee may from such bonds so presented select in its discretion the bonds to be purchased. The Trustee may in its discretion regard a tender of bonds as made at the lowest price obtainable with reasonable diligence if within such arbitrary period of time as shall be determined by the Trustee no tender is made at a lower price.

Cash deposited to the credit of the said sinking fund for bonds of Series A pursuant to clause (2) of the second paragraph of this section may be withdrawn by the Company on its written order, at any time within twelve (12) months from and after the date of such deposit, to reimburse the Company for net bondable expenditures, as defined in division (6) of sub-paragraph (e) of Section 5.01 hereof, except that such cash may be withdrawn for the full amount of such net bondable expenditures, after deducting from such amount the aggregate principal amount of any underlying bonds secured by lien on any property acquired as an entirety or substantially as an entirety by means of such expenditures, and without regard to earnings; provided, however, that such net bondable expenditures shall not previously have been made and shall not thereafter be made the basis for