

I. All those pieces, parcels and tracts of land and all rights and easements in lands, lying and being in the States of North Carolina and South Carolina described in Division I of the Schedule hereinafter contained, together with all plants, buildings, structures, improvements, machinery and equipment of every description now or hereafter stationed thereon or in any wise incident or appertaining thereto and all privileges and appurtenances thereunto belonging and immunities thereunto appertaining.

II. All of the hydro-electric and other plants and systems for the generation, storing, furnishing and/or distribution of electricity for light, heat and/or power, or any one or more thereof, now owned or hereafter acquired or constructed by the Company, wheresoever situated, and any additions to or extensions of any such present or future plants and systems; together with the buildings, erections, structures, generating apparatus, transmission lines, power stations, substations, engines, boilers, condensers, pumps, turbines, generators, machinery, tools, conduits, manholes, insulators, dynamos, motors, lamps, cables, wires, poles, towers, cross-arms, switchboard equipment, meters, appliances, instruments, apparatus, appurtenances, maps, records, ledgers, easements, contracts, permits, facilities and other property or equipment used or provided for use in connection with the construction, maintenance, repair and operation of any such plants or systems, both that now owned and that which may hereafter be acquired by the Company; and together also with all the dams, dam sites, water and flowage rights and all other rights, privileges, rights of way, franchises, licenses, indeterminate permits, grants, liberties, immunities, ordinances and easements of the Company in respect of the construction, maintenance, repair and operation of said plants and systems now owned or hereafter acquired or conferred; the principal plants now owned and the land whereon they are located being included among the properties described in Division I of said Schedule.

III. All electric transmission lines now owned or hereafter acquired or constructed by the Company, with all branches, taps and service lines connected therewith or radiating therefrom, and any additions to or extensions of any such present or future transmission lines, together with the poles, wires, towers, cross-arms, insulators, supports, buildings, erections, structures, transformers, stations, substations, switchboard equipment, telephone equipment, machinery, tools, apparatus, appliances, facilities and other property used or provided for use in the construction, maintenance, repair and operation thereof, both that now owned and that which may hereafter be acquired or constructed by the Company, together also with all the rights, privileges, rights of way, franchises, licenses, easements, grants, liberties, immunities, permits and ordinances of or belonging to the Company in respect of the construction, maintenance, repair and operation of such existing and future transmission lines and each of them and any additions thereto or extensions thereof; the principal existing transmission lines which the Company now owns being located in the States of North Carolina and South Carolina and generally described in Division II of said Schedule.

The exceptions referred to in the first two sentences of this Clause First are as follows:

A. Cash (not deposited or required by any other provision of this Indenture to be deposited with the Trustee), accounts receivable and other choses in action, inventories of materials and supplies on hand for use in the operation of the plants and systems of the Company, and appliances and merchandise held for sale, now owned or hereafter acquired by the Company.

B. All bonds, notes and other evidences of indebtedness and shares of stock and other certificates of interest now owned or hereafter acquired by the Company.

C. All other properties, real or personal, acquired by the Company after the day of the execution and delivery of this Indenture which both (1) are neither used by nor useful to the Company in the business, or in any phase of the busi-

ness, of generating, storing, furnishing and/or distributing electricity for light, heat and/or power, and (2) have not been described or included as additional property in any certificate furnished to the Trustee pursuant to §2.06 of this Indenture or otherwise made the basis of the authentication and delivery of any bonds or the payment or application of any cash deposited or required to be deposited with the Trustee pursuant to any of the provisions of this Indenture. Nothing in this paragraph C, however, shall be construed as excepting from the lien of this Indenture, by reason of any subsequent change in the use or usefulness of such property in said business, any property which shall at any time have been made or become subject thereto.

D. Any franchises of any character hereafter acquired which are not in any wise necessary or appropriate for or in connection with the ownership, maintenance or operation of any of the properties of the Company now or at any time hereafter subject or required to be subjected to the lien of this Indenture.

CLAUSE SECOND.

Any and all property of every name and nature which from time to time after the execution and delivery of this Indenture, by delivery or by writing of any kind for the purposes hereof, shall have been conveyed, mortgaged, pledged, assigned or transferred by the Company, or by anyone on its behalf or with its consent, to the Trustee, which is hereby authorized to receive at any and all times any property as and for additional security for the payment of the bonds issued or to be issued under this Indenture.

CLAUSE THIRD.

All tolls, revenues, earnings, income, rents, issues and profits of all property, real and personal, tangible and intangible, which now are or hereafter shall be or be required to be made subject to the lien of this Indenture, and the reversions, reservations and remainders of all the estate, right, title, interest, possession, claim and demand of every nature and kind whatsoever of the Company, as well at law as in equity, of, in and to the same and every part and parcel thereof.

TO HAVE AND TO HOLD all said properties and franchises (hereinafter sometimes called the "mortgaged property") unto the Trustee and its successors and assigns, forever.

SUBJECT, HOWEVER, to prior lien mortgages as follows (the bonds secured by said liens being herein sometimes referred to as "prior lien bonds" and provision for the refunding of which at or before maturity is hereinafter contained), namely:

(1) To the lien of the First Mortgage of Southern Power Company to The Farmers' Loan and Trust Company, Trustee, dated March 1, 1910, securing an issue of Five Per Cent. Twenty-Year Gold Bonds due March 1, 1930, originally limited to the aggregate principal amount of \$10,000,000 at any one time outstanding and of which there are now issued and outstanding such bonds to the aggregate principal amount of \$7,000,000, at which amount said mortgage is hereby closed; but only as to such part or parts of the mortgaged property hereinbefore described and acquired by the Company by virtue of the merger into it of said Southern Power Company and Great Falls Power Company (both New Jersey corporations) and by virtue of deeds confirmatory of said merger from said companies to the Company as were at the effective date of such merger subject to the lien of said First Mortgage and as to any property thereafter acquired or constructed by the Company as accessions, additions, replacements and betterments to such properties;

(2) To the lien of the Indenture of Catawba Power Company to North American Trust Company, Trustee (The Equitable Trust Company of New York, successor trustee), dated June 1, 1903, securing an issue of Thirty Year Six Per Cent. Gold Bonds due June 1, 1933, originally limited to the aggregate principal amount of \$750,000 at any one time outstanding and of which there are now issued and outstanding not called for redemption such bonds to the aggregate principal amount of \$279,000, at which amount said mortgage is hereby closed; but only as to such part or parts of the mort-