

situated, including (without in any wise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Indenture) all lands, dams, rights of way, roads; all street and interurban railways; all steam and power houses, gas plants, water works, ice and refrigeration plants, steam heat and hot water plants, buildings and other structures, and all offices, buildings and the contents thereof; all cars, motor cars, busses, vehicles, rolling stock, tracks; all machinery, engines, boilers, dynamos, electric and gas machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam, heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, poles and transmission lines, wires, cables, bridges, tracks, tools, implements, apparatus, supplies, merchandise, furniture, chattels, demands, accounts and choses in action; all municipal and other franchises; all lines for the transmission and distribution of electric current, gas, steam heat or hot water for any purpose including poles, wires, cables, pipes, conduits and all apparatus for use in connection therewith; all real estate, lands, leases, leaseholds, heat or power contracts, street lighting contracts, easements, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of lands and the tolls, rents, revenues, issues, earnings, income and profits from any and all property of the Company.

Together with all and singular the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders, tolls, rents, revenues, issues, earnings, income, product and profit thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

It is hereby agreed by the Company that all the property, rights and franchises acquired by the Company after the date hereof (other than cash, shares of stock, obligations, bonds and securities not expressly required by the terms of this Indenture to be now or hereafter pledged hereunder) shall be as fully embraced within the lien hereof as if such property were now owned by the Company and were specifically described herein and conveyed hereby.

To have and to hold all such properties, real, personal and mixed, mortgaged, pledged or conveyed by the Company as aforesaid, or intended so to be, unto the Trustee and its successors and assigns forever.

Subject, however, as to the property therein described and thereby covered, to the lien of the mortgage or deed of trust made by Yadkin River Power Company to Old Colony Trust Company, as Trustee, dated April 1, 1911, under which there have been issued and are now outstanding \$7,500,000 in principal amount of First Mortgage Thirty-year Five Per Cent. Gold Bonds due April 1, 1941, insofar as such mortgage and deed of trust shall constitute a lien upon any of the properties of the Company prior to the lien of this Indenture.

In trust nevertheless, for the equal *pro rata* benefit and security of all and every of the bonds issued and to be issued hereunder in accordance with the provisions of this Indenture without preference, priority or distinction as to lien of any over the others by reason of priority in time of the issue or negotiation thereof; it being intended that the lien and security of all of said bonds of all series issued or to be issued hereunder shall take effect from the execution and delivery of this Indenture, and that the lien and security of this Indenture shall take effect from the date of execution and delivery thereof as though all of the said bonds of all series were actually authenticated and delivered upon such date.

Provided, however, and these presents are upon the condition that if the Company, its successors or assigns, shall pay or cause to be paid, the principal of and interest on said bonds, at the times and in the manner stipulated therein and herein, and shall keep, perform and observe all and singular the covenants and promises in said bonds and in this Indenture expressed as to be kept, performed and observed by or on the part of the Company, then this Indenture and the estate and rights hereby granted shall cease, determine and be void, otherwise to be and remain in full force and effect.

It is hereby covenanted, declared and agreed, by the Company, that all such bonds and coupons are to be issued, authenticated and delivered, and that all property subject or to become subject hereto is to be held subject to the further covenants, conditions, uses and trusts hereinafter set forth, and the Company, for itself and its successors and assigns, does hereby covenant and agree to and with the Trustee and its successor or successors in such trust, for the benefit of those who shall hold said bonds and interest coupons, or any of them, as follows:

ARTICLE I.

Definitions.

Section 1. The terms specified in the next succeeding seven sections hereof, numbered from 2 to 8, both inclusive, shall, for all purposes of this Indenture, have the meanings in such sections specified.

Section 2. The term "the Company" shall mean the party of the first part hereto Carolina Power & Light Company, and shall also include its successors and assigns. The term "the Trustee" shall mean the party of the second part hereto, Irving Bank-Columbia Trust Company and shall also include its successors and assigns. The terms "the lien hereof" and "the lien of this Indenture" shall mean the lien created by these presents (including the after-acquired property clauses hereof) and the lien created by any subsequent conveyance to the Trustee hereunder (whether made by the Company or any other corporation or any individual or copartnership) effectively constituting any property a part of the security held by the Trustee upon the terms and trusts and subject to the conditions specified in this Indenture. The term "the mortgaged and pledged property" shall mean as of any particular time the property which at said time is covered or intended to be covered by the lien of this Indenture whether such lien be created by these presents (including the after-acquired property clauses hereof) or by subsequent conveyance to the Trustee hereunder or otherwise. The term "outstanding" shall mean as of any particular time with respect to bonds issued under this Indenture all bonds which theretofore shall have been authenticated and delivered under this Indenture, except (a) bonds theretofore paid, retired, redeemed, cancelled and/or for the payment and/or redemption of which money shall have been deposited in pursuance of any of the provisions of this Indenture, and (b) bonds held in pledge by the Trustee under any of the provisions of this Indenture, and (c) bonds authenticated and delivered upon transfer, in exchange, in substitution for, and/or, in lieu of, any bond and/or bonds theretofore authenticated and delivered under any of the provisions of this Indenture.

Section 3. The term "resolution" shall mean a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors. The term "engineer" shall mean a co-partnership or a corporation engaged in an engineering business or an individual who is an engineer. The term "Treasurer's certificate" shall mean a certificate signed and verified by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company. The term "engineer's certificate" shall mean a certificate signed and verified by the President or a Vice-President of the Company and by an engineer (who may be in employee of the Company) appointed by the Board of Directors or Executive Committee of the Company and approved by the Trustee. The term "independent engineer's certificate" shall mean a certificate signed and verified by an engineer appointed by the Trustee and approved by the Board of Directors or Executive Committee of the Company. The term "opinion of counsel" shall mean an opinion in writing signed by counsel (who may be of counsel to the Company) appointed by the Board of Directors or Executive Committee of the Company and approved by the Trustee.

Section 4. The term "permanent improvements or additions" shall mean plants, lines, machinery, transmission lines, distribution, service and supply systems, tracks, rolling stock, busses, automobiles, property real or personal, and permanent improvements, betterments, extensions or additions, acquired by purchase, consolidation, merger or in any other way whatsoever, subsequent to April 10, 1926, or made or constructed subsequent to April 10, 1926, or in the process of construction or erection in so far as actually constructed or erected subsequent to April 10, 1926, and (except as to paving, grading, and other improvements to public highways) subjected to the lien of this Indenture, to be used in the business of generating, manufacturing, transmitting, distributing or supplying electricity or gas for light, heat, power or other purposes, or ice or refrigeration for domestic or public use or consumption or steam or hot water for power or heat purposes or water for domestic or public use or consumption or to be used in the street or interurban railway or other street or interurban transportation business. The term "permanent improvements or additions" shall not include any shares of stock, bonds, evidences of debt or other securities or contracts, leases or choses in action or going value or good will, or franchises or governmental permits granted to the Company or acquired by it as such, separate and distinct from the property operated thereunder, or any equipment, materials or supplies acquired for the purpose of resale in the usual course of business or consumable in the operation of any of the properties of the Company, nor shall such term include any natural gas wells or leases or natural gas transmission lines or other works or property used in the production of natural gas or its transmission up to the point of connection with any distribution system, nor shall such term include any property acquired or constructed by the Company in keeping or maintaining the mortgaged and pledged property in repair, working order and condition or merely to replace old, inadequate, obsolete or worn-out property; *provided, however*, that whenever old, inadequate, obsolete or worn-out property is renewed or replaced by property costing more than an amount equivalent to the original cost of such old, inadequate, obsolete or worn-out property, then to the extent of such excess, and to such extent only, such property so acquired to renew or replace the old, inadequate, obsolete or worn-out property, shall be deemed permanent improvements or additions.

Section 5. The term "specially classified properties" shall mean