

## MORTGAGE OF REAL ESTATE

38578 PROVIDENCE-BARRARD CO.-GREENVILLE

The term "Engineer" shall mean an individual or a co-partnership or a corporation engaged in an engineering business or employed by the Company to pass upon engineering questions.

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, Each such certificate shall include the statements required by Section 121 hereof.

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 an employee of the Company) appointed by the Board of Directors of the Company, provided, however, if any property or securities are to be released from the Lien of this Indenture, and the Fair Value thereof and of all other property and securities/<sup>released</sup> since the commencement of the then current calendar year, as set forth in the Engineer's Certificates required by Article XI hereof, is ten per centum (10%) or more of the aggregate principal amount of the bonds at the time Outstanding, and if the Fair Value of said property and securities to be released is not less than \$25,000 and not less than one per centum (1%) of the aggregate principal amount of the bonds at the time Outstanding, the Engineer's Certificate required by subdivision (3) of Section 59 hereof or by Section 60 hereof as a condition precedent to the release thereof shall instead be signed and verified by an Independent Engineer. Each such certificate shall include the statements required by Section 121 hereof.

The term "independent", when applied to any accountant, engineer appraiser or other expert, shall mean such a person who (a) is in fact independent; (b) does not have any substantial interest, direct or indirect, in the Company or in any other obligor upon the bonds issued hereunder or in any person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the company or any such other obligor; and (c) is not connected with the Company or any other obligor upon the bonds issued hereunder or any person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Company or any such other obligor, as an officer, employee, promoter, underwriter, trustee, partner, director, or person performing similar functions.

The term "Independent Engineer's Certificate" shall mean a certificate signed and verified by an independent Engineer appointed by the Board of Directors of the Company and approved by the Corporate Trustee. Each such certificate shall include the statements required by Section 121 hereof.

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 of the Company. Each such opinion shall include the statements required by Section 121 hereof.

The acceptance by the Corporate Trustee of any document the signer of which is required by some provision hereof to be approved by the Corporate Trustee, shall be sufficient evidence of its approval of the signer within the meaning of this Indenture.

The term "Responsible Officers" of any Trustee shall mean and include the chairman of the board of directors, the president, every vice-president, every assistant Vice-president, the secretary every assistant secretary, the treasurer, every trust officer, and every officer and assistant officer of such Trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject; and the term "Responsible Officer" shall mean and include any of said officers.

SECTION 4. The term "Property Additions" shall mean plants, lines, pipes, mains, cables, machinery, boilers, transmission lines, pipe lines, distribution systems, service systems and supply systems, property, real or personal, and improvements, extensions, additions, renewals or replacements, acquired by the Company by purchase, consolidation, merger, donation or in any other way whatsoever, subsequent to December 31, 1939, or made or constructed subsequent to December 31, 1939, or in the process of construction or erection in so far as actually constructed or erected subsequent to December 31, 1939, and used or useful or to be used in or in connection with the business of generating, manufacturing, producing, transmitting, distributing or supplying electricity for light, heat, power, refrigeration or other purposes. The term "Property Additions" shall not, however, include (1) any shares of stock, bonds, evidences of indebtedness or other securities or contracts, leases, or operating agreements, bills, notes, accounts receivable, or choses in action, or (2) except as herein otherwise specifically provided, going value, good will, franchises or governmental permits or licenses granted to or acquired by the Company, as such, separate and distinct from the property operated thereunder or in connection therewith or incident thereto, or (3) any goods, wares, merchandise, equipment, materials or supplies held for the purpose of sale or resale in the usual course of business or fuel, oil or similar materials and supplies consumable in the operation of any of the properties of the Company; or rolling stock, buses, motor coaches, vehicles and automobiles, or (4) any property which is located outside of the limits of the States of North Carolina, South Carolina, Georgia, Tennessee and Virginia as the same may be now or hereafter constituted, unless such property shall be connected with or auxiliary to a system, line, plant or power house owned or operated by the Company which is located within such limits, or (5) any property, the cost of acquiring, making or constructing which is chargeable under accepted principles of accounting to operating expenses.

When any Property Additions are certified to the Corporate Trustee in any certificate under any of the provisions of this Indenture as the basis either of the authentication and delivery of