

chises, 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 the above-mentioned First and Refunding Mortgage, dated as of December 1, 1927, and in supplemental indentures thereto.

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

A. Cash (not deposited or required by any other provision of the 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 the above-mentioned First and Refunding Mortgage, dated as of December 1, 1927, which both (1) are neither used by nor useful to the Company in the business, or in any phase of the business, 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 the 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 the Indenture. Nothing in this paragraph C, however, shall be construed as excepting from the lien of the 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.

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