

outstanding.

(f) The terms "Consolidated Basis" means eliminating any inter-company item as between corporations involved.

(g) The term "Trustee" shall mean Security National Bank of Greensboro or its successor as trustee under this Trust Indenture for the time being.

ARTICLE II

DESCRIPTION, ISSUE, EXECUTION, EXCHANGE AND REPLACEMENT OF BONDS

SECTION 1 - DESCRIPTION AND ISSUE

The Bonds are twenty-five (25) in number, numbered 1 to 25, both inclusive, each in the principal sum of Eighty Thousand Dollars (\$80,000.00), and shall be designated as the Company's 5½% Serial First Mortgage Trust Bonds. The first of said Bonds shall mature in the principal amount of Eighty Thousand Dollars (\$80,000.00) on June 30, 1959, and one of said Bonds in the amount of Eighty Thousand Dollars (\$80,000.00) shall mature on each December 30th and June 30th in each and every calendar year consecutively thereafter, to and including June 30th, 1971, unless sooner paid off as hereinafter provided. Each Bond shall bear interest at the rate of five and one-half per cent (5½%) per annum, payable semi-annually on the 30th day of each June and December hereafter until payment of the principal sum of each Bond has been made.

The principal of (and premium, if any) and interest on the Bonds shall be payable in lawful money of the United States of America.

Bonds in the aggregate principal amount of Two Million Dollars (\$2,000,000.00), upon the execution and delivery of this Trust Indenture, or from time to time thereafter, may be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Bonds upon the written order of the Company, signed by its President, or one of its Vice Presidents, under its corporate seal,