GENERAL WARRANTY DEED WITH RESERVATION OF EASEMENTS

Excise Tax: $ 20,444.00

This instrument was prepared by or under the direction of:
David W. Berry, Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P., P.O. Box 2611, Raleigh, North Carolina 27602-2611 (NO OPINION ON TITLE)

Mail after recording to:
J. Douglas Hill, Assistant Attorney General, North Carolina Department of Justice, 9001 Mail Service Center, Raleigh, North Carolina 27699-9001

Brief Description for Index: 2,655 acres, more or less, in Buncombe and Madison Counties

Tax PIN Nos.: (See Exhibit A)

STATE OF NORTH CAROLINA

COUNTIES OF BUNCOMBE AND MADISON

THIS GENERAL WARRANTY DEED WITH RESERVATION OF EASEMENTS (the "Deed") is made and entered into this 23 day of December, 2004, from CAROLINA POWER & LIGHT COMPANY, a North Carolina public service corporation d/b/a PROGRESS ENERGY CAROLINAS, INC., c/o PEC Real Estate Management, Post Office Box 1551, Raleigh, North Carolina 27602-1551 ("GRANTOR" or "PEC"), to the STATE OF NORTH CAROLINA, c/o State Property Office, 1321 Mail Service Center, Raleigh, North Carolina 27699-1321 ("GRANTEE").

W I T N E S S E T H:

That GRANTOR, for and in consideration of the sum of Ten Dollars ($10.00) and other valuable consideration to it paid by GRANTEE, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell, and convey to GRANTEE, its successors and assigns, in fee simple and subject to the transmission and distribution easements reserved unto GRANTOR herein (collectively the "GRANTOR's Easements"), all of those certain tracts or parcels of land lying in Buncombe County, North Carolina and Madison County, North Carolina, which are more particularly described on **Exhibit A** attached hereto and incorporated herein by reference (hereinafter collectively referred to as the "Property"), together with all appurtenant rights and other easements pertaining thereto.

TO HAVE AND TO HOLD the Property, subject to the GRANTOR's Easements reserved herein as more particularly set forth and described on **Exhibit B** attached hereto and incorporated herein by reference, together with all privileges and appurtenances thereto belonging, to GRANTEE, its successors and assigns, in fee simple forever.

Subject to the GRANTOR's Easements reserved herein, GRANTOR covenants with GRANTEE, its successors and assigns, that it is seized of the Property in fee simple and has the right to convey the same in fee simple; that the title is free and clear from all encumbrances, except for the permitted encumbrances set forth on **Exhibit C** attached hereto and incorporated herein by reference; and that GRANTOR will warrant and forever defend the title thereto against the claims of all persons whomsoever, except for the reservations set forth on **Exhibit B** and the permitted encumbrances set forth on **Exhibit C**.

The GRANTEE has received funding from the N.C. Ecosystem Enhancement Program for acquisition of the Property as conveyed and described in this Deed. In consideration of this

funding, the N.C. Ecosystem Enhancement Program requires that the Declarations and Restrictions, as forth on **Exhibit D** attached hereto and incorporated herein by reference, shall be inserted in this Deed. By its acceptance of the delivery and the recording of this Deed, the GRANTEE and the N.C. Ecosystem Enhancement Program acknowledge and agree that the GRANTOR's Easements are hereby excepted from the Declarations and Restrictions and that the GRANTOR's Easements and all rights, privileges, and easements reserved unto GRANTOR in this Deed shall not be subject to, burdened, abridged, limited, restricted, prohibited, or otherwise affected in any manner by the Declarations and Restrictions.

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IN WITNESS WHEREOF, GRANTOR has caused this DEED WITH RESERVATION OF EASEMENTS to be signed in its corporate name by its duly authorized officer, by authority of its Board of Directors, as of the day and year first above written.

CAROLINA POWER & LIGHT COMPANY, a North Carolina public service corporation d/b/a PROGRESS ENERGY CAROLINAS, INC.

By: _____

Name: DARREN DASBURG, P.E.

Title: VP REAL ESTATE

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, LEIGH E. HELMS, a Notary Public of WAKE County, North Carolina, certify that DARREN DASBURG, P.E., personally appeared before me this day and acknowledged that he/she is the VP-REAL ESTATE of Carolina Power & Light Company, a North Carolina public service corporation doing business as Progress Energy Carolinas, Inc., and as VP-REAL ESTATE, being authorized to do so, executed the foregoing instrument on behalf of the corporation.

Witness my hand and official stamp or seal, this 23 day of December, 2004.

LEIGH E. HELMS NOTARY PUBLIC WAKE COUNTY, N.C.

Leigh E. Helms

Notary Public

My commission expires: 6/9/07

(Notary Seal)

#750477_6.DOC

EXHIBIT A
DESCRIPTION OF THE PROPERTY

Being all of those certain tracts or parcels of land lying and situate in Buncombe County, North Carolina and Madison County, North Carolina, containing approximately 2,655 acres in the aggregate, more or less, which are more particularly described in the following instruments recorded in the Buncombe County Registry and/or Madison County Registry, as noted below, together with all appurtenant rights and easements pertaining thereto. The legal descriptions of said tracts or parcels of land set forth in the following instruments are incorporated herein by reference as if each such legal description were written out herein in full. The Buncombe and Madison County Tax Parcel or Identification Numbers referenced below are provided for informational purposes only and shall not be considered part of the Property's legal description.

1. Deed from Howard C. Andrew and wife, Lelia Mae Andrew, to Carolina Power & Light Company recorded on January 21, 1975, in Book 1114, Page 145, Buncombe County Registry and recorded on January 21, 1975, in Book 119, Page 454, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4246 (dated July 1974), which is incorporated herein by reference.
(Buncombe County Pin # ; Madison County Pin # 8793 38 1692)

2. Deed from Lina D. Angel, widow, to Carolina Power & Light Company recorded on March 10, 1976, in Book 1137, Page 706, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3921 (dated February 1974), which is incorporated herein by reference.
(Buncombe County Pin # 9702-00-89-9493)

3. Deed from Mack W. Angel and wife, Evelyn Angel, to Carolina Power & Light Company recorded on March 10, 1976, in Book 1137, Page 714, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3920 (dated February 1974), which is incorporated herein by reference.
(Buncombe County Pin #9702-00-99-5962; #9712-01-09-1534)

4. Deed from Bluffard W. Bradburn and wife, Zola Bradburn, to Carolina Power & Light Company recorded on June 5, 1975, in Book 1120 Page 489, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4164 (dated June 1974), which is incorporated herein by reference.
(Buncombe County Pin #9713-00-06-4482)

5. Deed from James Orr Bradburn and wife, Kay B. Bradburn, to Carolina Power & Light Company recorded on November 30, 1973, in Book 1091, Page 533, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4392 (dated October 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-27-6787)

6. Deed from T.M. Bradburn and wife, L. M. Bradburn, to Carolina Power & Light Company recorded on February 18, 1974, in Book 1095, Page 169, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4578 (dated November 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-18-6022)

7. Deed from Thomas Merritt Bradburn, Jr. and wife, Sue Bradburn, to Carolina Power & Light Company recorded on March 29, 1974, in Book 1097, Page 351, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4387 (dated October 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-27-0776)

8. Deed from Billy Joe Chandler and wife, Linda Chandler; and Orville C. Chandler, single, to Carolina Power & Light Company recorded on March 5, 1974, in Book 1096, Page 111, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4390 (dated October 1974), which is incorporated herein by reference. (Buncombe County Pin #9714-00-22-0483)

9. Deed of Correction from Ford Davis and wife, Nell S. Davis, to Carolina Power & Light Company recorded on November 22, 1976, in Book 1155, Page 103, Buncombe County Registry (which corrects the legal description set forth in the prior Deed from Ford Davis and wife, Nell S. Davis, to Carolina Power & Light Company previously recorded on November 12, 1976, in Book 1154, Page 333, Buncombe County Registry); said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4030 (dated April 1974), which is incorporated herein by reference. (Buncombe County Pin # _____)

10. Deed from Hughes Davis and wife, Joyce Davis, to Carolina Power & Light Company recorded on June 18, 1975, in Book 1121, Page 309, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4125 (dated June 1974), which is incorporated herein by reference. (Buncombe County Pin #9703-00-72-1598)

11. Deed from Palma C. Edney, widow, to Carolina Power & Light Company recorded on April 25, 1978, in Book 1188, Page 415, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4697 (dated July 1975), which is incorporated herein by reference. (Buncombe County Pin #9703-00-39-8748)

12. Deed from James M. Ferguson and wife, Viola H. Ferguson, to Carolina Power & Light Company recorded on March 6, 1974, in Book 1096, Page 169, Buncombe County Registry. (Buncombe County Pin #9703-00-84-4930)

Parcel One of Tract One described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4398 (dated October 1974), which is incorporated herein by reference.

Parcel Two of Tract One described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4399 (dated October 1974), which is incorporated herein by reference.

Parcel Three of Tract One described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4345 (dated September 1974), which is incorporated herein by reference.

Parcel Four of Tract One described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4530 (dated October 1974), which is incorporated herein by reference.

Tract Two described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4395 (dated June 1974), which is incorporated herein by reference.

Tract Three described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4396 (dated July 1974), which is incorporated herein by reference.

13. (a) Deed from Douglas C. Fox, single, to Carolina Power & Light Company recorded on February 18, 1974, in Book 1095, Page 187, Buncombe County Registry.

(b) Deed from Charles L. Buckner and wife, Sarah B. Buckner; and Ruby B. Warren, unmarried, to Carolina Power & Light Company, recorded on December 11, 1973 in Book 1092, Page 127, Buncombe County Registry.

(c) Deed from Thomas A. Fox and wife, Lucy Fox, to Carolina Power & Light Company recorded on December 10, 1973 in Book 1092, Page 63, Buncombe County Registry.

The tracts or parcels of land described in the three Deeds above-referenced in subparts (a) through (c) are further shown and described on Carolina Power & Light Company Drawing No. L-D-4115 (dated June 1974), which is incorporated herein by reference. (Buncombe County Pin # _____)

14. Deed from Collis Franklin and wife, Helen Franklin, to Carolina Power & Light Company recorded on August 7, 1974, in Book 1105, Page 300, Buncombe County Registry. (Buncombe County Pin #9713-00-46-7397; #9713-00-65-6866)

Tract One and Tract Two described in the aforesaid Deed are further shown and described on Carolina Power & Light Company Drawing No. L-D-4414 (dated October 1974), which is incorporated herein by reference.

Tract Three described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4189 (dated July 1974), which is incorporated herein by reference.

15. Deed from Marvin G. Giezentanner and wife, Susie C. Giezentanner; James W. Giezentanner (a/k/a James H. Giezentanner a/k/a James G. Giezentanner) and wife, Lois A. Giezentanner; and Doris Giezentanner, widow, to Carolina Power & Light Company recorded on March 25, 1974, in Book 1097, Page 129, Buncombe County Registry; said property being

further shown and described on Carolina Power & Light Company Drawing No. L-D-4575 (dated November 1974), which is incorporated herein by reference.
(Buncombe County Pin # _____)

16. Deed from Stella Griffin, widow, to Carolina Power & Light Company recorded on July 9, 1974, in Book 1103, Page 358, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3945 (dated February 1974), which is incorporated herein by reference.
(Buncombe County Pin # _____)

17. Deed from Paul Hawkins and wife, Nell H. Hawkins, to Carolina Power & Light Company recorded on April 3, 1975, in Book 1117, Page 327, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3918 (dated February 1974), which is incorporated herein by reference.
(Buncombe County Pin #9702-00-89-3612)

18. Deed from Raymond Hawkins and wife, Betsey Hawkins, to Carolina Power & Light Company recorded on October 16, 1974, in Book 1109, Page 619, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3985 (dated April 1974), which is incorporated herein by reference. (Buncombe County Pin #9712-01-09-9859)

19. Deed from Harold H. Hoagland and wife, Ruth L. Hoagland, to Carolina Power & Light Company recorded on March 25, 1974, in Book 1097, Page 135, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4309 (dated September 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-39-3218)

20. Deed from Wilma Angel Hollifield, unmarried, to Carolina Power & Light Company recorded on February 27, 1975, in Book 1115, Page 633, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4497 (dated December 1974 and revised February 1975), which is incorporated herein by reference. (Buncombe County Pin #9702-00-99-4204)

21. Deed from Willa Lee J. Little and William A. Joyner, Attorneys in Fact for Mae Redmon Joyner, widow, to Carolina Power & Light Company recorded on January 24, 1975, in Book 1114, Page 329, Buncombe County Registry and recorded on January 27, 1975, in Book 119, Page 471, Madison County Registry.
(Buncombe County Pin #9704-00-00-2125; Madison County Pin #8793-00-86-2331)

Parcel One described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4264 (dated August 1974), which is incorporated herein by reference.

Parcel Two described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4265 (dated August 1974), which is incorporated herein by reference.

LESS AND EXCEPT from Parcel Two described in the aforesaid Deed that certain tract or parcel of land containing approximately 1.5 acres previously conveyed from Carolina Power & Light Company to the Trustees of Redmon Baptist Church by Deed recorded on March 14, 1983, in Book 1315, Page 780, Buncombe County Registry.

GRANTOR hereby assigns and conveys unto GRANTEE, the GRANTOR's perpetual right, as more fully set forth in Book 1315, Page 780, Buncombe County Registry, to re-inter in the northwestern corner of the said 1.5-acre tract hereinabove excepted the remains of up to twenty (20) graves that either, are presently, or were formerly, located on Parcel Two described in the aforesaid Deed recorded in Book 1114, Page 329, Buncombe County Registry.

22. Deed from Boyd Mace and wife, Edith Mace, to Carolina Power & Light Company recorded on March 15, 1976, in Book 1138, Page 172, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3922 (dated February 1974 and revised March 1975), which is incorporated herein by reference. (Buncombe County Pin #9702-00-98-8658)

23. Deed from Demerria Martin, widow, to Carolina Power & Light Company recorded on November 30, 1973, in Book 1091, Page 525, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4573 (dated November 1974), which is incorporated herein by reference. (Buncombe County Pin #9714-00-50-1603)

24. Deed from A.L. Massey and wife, Grace B. Massey, to Carolina Power & Light Company, recorded on January 23, 1976, in Book 1135, Page 129, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4205 (dated July 1974 and revised January 1976), which is incorporated herein by reference. (Buncombe County Pin #8793-00-45-4096)

25. Deed from Andrew H. McDaniel and wife, Louise B. McDaniel, to Carolina Power & Light Company recorded on December 5, 1974, in Book 1112, Page 189, Buncombe County Registry. (Buncombe County Pin # _____)

Tract One described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4378 (dated October 1974), which is incorporated herein by reference.

Tract Two described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4165 (dated June 1974), which is incorporated herein by reference.

26. Deed from James Bernard Meadows (a/k/a J.B. Meadows) to Carolina Power & Light Company recorded on April 30, 1975, in Book 1118, Page 486, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4310 (dated September 1974 and revised February 1975), which is incorporated herein by reference. (Buncombe County Pin #9713-00-25-4294)

27. Deed from Jerry W. Meadows and wife, Myrtle M. Meadows, to Carolina Power & Light Company recorded on January 2, 1974, in Book 1093, Page 33, Buncombe County

Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3753 (dated December 1973), which is incorporated herein by reference. (Buncombe County Pin #9703-00-62-3999)

28. Deed from Jerry W. Meadows and wife, Myrtle M. Meadows, to Carolina Power & Light Company recorded on July 24, 1974, in Book 1104, Page 273, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4167 (dated July 1974), which is incorporated herein by reference. (Buncombe County Pin #9703-00-53-7408)

29. Deed from I.J. Miller and wife, Mary Ann Miller, to Carolina Power & Light Company recorded on May 13, 1977, in Book 1164, Page 560, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4056 (dated May 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-01-3694)

30. Deed from Garrett Pegg and wife, Merita Pegg, to Carolina Power & Light Company recorded on June 2, 1975, in Book 1120, Page 331, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4166 (dated June 1974, revised May 1975, and revised August 1975), which is incorporated herein by reference. (Buncombe County Pin #9703-00-86-3333)

31. (a) Deed from Jeter M. Rash and wife, Eunau Rash; Una R. Maxwell and husband, Andrew Maxwell; Zennie R. Candler and husband, A.N. Candler; Dora R. Cranford, widow; Maloy R. Rash and wife, Leila Rash; Annie Joe Rash, widow; and Joan Hardin and husband, Charles C. Hardin, to Carolina Power & Light Company recorded on February 20, 1974, in Book 1095, Page 487, Buncombe County Registry.

(b) Deed from Don E. Rash and wife, Donna Rash; and Barbara Des Jardins and husband, Paul Des Jardins to Carolina Power & Light Company recorded on February 20, 1974, in Book 1095, Page 509, Buncombe County Registry.

The tract or parcel of land described in the two Deeds above-referenced in subparts (a) and (b) are further shown and described on Carolina Power & Light Company Drawing No. L-D-4389 (dated October 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-36-8994)

32. (a) Deed from James Rash and wife, Norma Sue Rash; Mary Lee McCraven and husband, Steve McCraven; William G. Rash and wife, Jane Rash; Marie R. Rice and husband, Carlie E. Rice; Paul Foster and wife, Louise S. Foster; Arthur R. Rash and wife, Anna S. Rash; and Ruby R. Price, widow, to Carolina Power & Light Company recorded on January 25, 1974, in Book 1094, Page 141, Buncombe County Registry.

(b) Deed from Norma R. Vicknair and husband, Raymond J. Vicknair, to Carolina Power & Light Company recorded on January 25, 1974, in Book 1094, Page 123, Buncombe County Registry.

(c) Deed from Carl Dale Rash and wife, Juanita Rash, to Carolina Power & Light Company recorded on January 25, 1974 in Book 1094, Page 119, Buncombe County Registry.

(d) Deed from Dillard S. Foster and wife, Dolly C. Foster, to Carolina Power & Light Company recorded on January 25, 1974, in Book 1094, Page 115, Buncombe County Registry.

The FIRST TRACT, THIRD TRACT, AND FOURTH TRACT as described in the four Deeds above-referenced in subparts (a) through (d) are further shown and described on Carolina Power & Light Company Drawing No. L-D-4394 (dated October 1974), which is incorporated herein by reference.

LESS AND EXCEPT the SECOND TRACT as described in the four Deeds above-referenced in subparts (a) through (d) previously conveyed from Carolina Power & Light Company to Jessie W. Russell by that Deed recorded on February 21, 1986 in Book 1420, Page 314, Buncombe County Registry; said excepted SECOND TRACT being further shown and described on Carolina Power & Light Company Drawing No. L-D-4393 (dated October 1974), which is incorporated herein by reference.

(e) Deed from Della R. Sargeant and husband, George Sargeant; Jessie W. Russell and husband, J.U. Russell; Buford E. Rash and wife, Helen P. Rash; Edith R. Greene and husband, Lester Greene; Herbert H. Rash and wife, Peggy B. Rash; Thelma R. Vaughn, widow; Charles A. Rash and wife, Louise Rash; Eleanor R. Swilling and husband, W.M. Swilling; Dorothy R. Evans and husband, H.B. Evans, to Carolina Power & Light Company recorded on February 21, 1986, in Book 1420, Page 301, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4394 (dated October 1974), which is incorporated herein by reference.
(Buncombe County Pin # _____)

33. Deed from Tony A. Rash and wife, Glenda D. Rash; and Everett C. Ponder and wife, Brenda M. Ponder, to Carolina Power & Light Company recorded on April 5, 1974, in Book 1097, Page 578, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4579 (dated October 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-08-5916)

34. Deed from T. M. Rash and wife, Onnie M. Rash, to Carolina Power & Light Company recorded on April 16, 1974, in Book 1098, Page 101, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4388 (dated October 1974), which is incorporated herein by reference.
(Buncombe County Pin #9714-00-21-7648)

35. Deed from James L. Reeves and wife, Verlene R. Reeves, to Carolina Power & Light Company recorded on September 25, 1974, in Book 1108, Page 528, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4263 (dated August 1974), which is incorporated herein by reference. (Buncombe County Pin # _____)

36. Deed from Dewey Talmadge Rice and wife, Lela Meadows Rice, to Carolina Power & Light Company recorded on September 12, 1974, in Book 1107, Page 623, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4245 (dated August 1974 and revised September 1974). (Buncombe County Pin # _____)

37. Deed from Marie Rash Rice and husband, Carlie E. Rice, to Carolina Power & Light Company recorded on April 26, 1974, in Book 1098, Page 627, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4581 (dated December 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-17-9248)

38. Deed from Kenneth Eugene Rigsby and wife, Betty Briggs Rigsby, to Carolina Power & Light Company recorded on December 19, 1973, in Book 1092, Page 453, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4391 (dated October 1974), which is incorporated herein by reference. (Buncombe County Pin #9714-00-30-9727)

39. Deed from Lewis Roberts and wife, Sally Lee Roberts, to Carolina Power & Light Company recorded on May 1, 1974, in Book 1098, Page 731, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3870 (dated February 1974), which is incorporated herein by reference. (Buncombe County Pin #4793-00-87-9429)

40. Deed from Alonzo W. Robinson and wife, Martha Ann Robinson; and Raymond F. Robinson and wife, Clora Robinson, to Carolina Power & Light Company recorded on March 11, 1976, in Book 1138, Page 12, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4095 (dated May 1974 and revised March 1976), which is incorporated herein by reference. (Buncombe County Pin # _____)

41. Deed from Jeffrey Russell, unmarried; and Richard J. Russell and wife, Gloria C. Russell, to Carolina Power & Light Company recorded on December 31, 1998, in Book 2067, Page 613, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4495 (dated December 1974 and revised June 1996), which is incorporated herein by reference. (Buncombe County Pin #9713-00-17-2041)

42. Deed from Joe Daniel Sellars (a/k/a Joe Daniel Sellers) and wife, Mildred G. Sellars, to Carolina Power & Light Company recorded on March 29, 1974, in Book 1097, Page 335, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4334 (dated September 1974), which is incorporated herein by reference. (Buncombe County Pin #9714-00-20-5712)

43. Deed from Albert J. Shelton and wife, Minnie R. Shelton, to Carolina Power & Light Company recorded on June 18, 1974, in Book 1101, Page 743, Buncombe County Registry. (Buncombe County Pin #9713-00-38-3642; #9713-00-28-5804)

Parcel One described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4411 (dated November 1974), which is incorporated herein by reference.

Parcel Two described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4308 (dated September 1974), which is incorporated herein by reference.

44. Deed from Raymond Shelton and wife, Pearl Shelton, to Carolina Power & Light Company recorded on July 8, 1974, in Book 1103, Page 317, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4403 (dated November 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-28-9247)

45. Deed from Ted Shelton and wife, Grace B. Shelton, to Carolina Power & Light Company recorded on February 13, 1974, in Book 1095, Page 65, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4386 (dated October 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-18-4295)

46. Deed from Wayne Shelton and wife, Norma Shelton, to Carolina Power & Light Company recorded on April 1, 1974, in Book 1097, Page 435, Buncombe County Registry. (Buncombe County Pin #9713-00-37-5780; 9714-00-20-6145)

Parcel One described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4332 (dated September 1974), which is incorporated herein by reference.

Parcel Two described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4404 (dated November 1974), which is incorporated herein by reference.

47. Deed from Willie B. Shelton and wife, Bonnie Shelton, to Carolina Power & Light Company recorded on July 22, 1974, in Book 1104, Page 163, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4346 (dated September 1974), which is incorporated herein by reference. (Buncombe County Pin #9713-00-07-0367)

48. Deed from Fred E. Sluder and wife, Cleo D. Sluder; and Harry T. Sluder, Jr. and wife, Linda R. Sluder, to Carolina Power & Light Company recorded on July 22, 1977, in Book 1169, Page 683, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4148 (dated June 1974), which is incorporated herein by reference. (Buncombe County Pin #9703-00-93-1051)

49. Deed from Grace M. Sluder and husband, Conley J. Sluder, to Carolina Power & Light Company recorded on May 16, 1977, in Book 1164, Page 673, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4584 (dated November 1974), which is incorporated herein by reference. (Buncombe County Pin # _____)

50. Deed from Jennis Paul Sluder and wife, Stella B. Sluder, to Carolina Power & Light Company recorded on October 17, 1975, in Book 1129, Page 128, Buncombe County

Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4634 (dated July 1975), which is incorporated herein by reference. (Buncombe County Pin #9703-00-78-7399)

51. Deed from Alonzo Snelson and wife, Ethel Snelson, to Carolina Power & Light Company recorded on June 19, 1974, in Book 1102, Page 69, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4099 (dated May 1974), which is incorporated herein by reference.
(Buncombe County Pin # _____)

52. Deed from Bertha Angel Tipton and husband, Leonard Tipton, to Carolina Power & Light Company recorded on March 10, 1976, in Book 1137, Page 724, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3917 (dated February 1974), which is incorporated herein by reference. (Buncombe County Pin #9712-01-09-1824)

53. Deed from Craig B. Tweed and wife, Jo Ann Tweed, to Carolina Power & Light Company recorded on May 10, 1974, in Book 1099, Page 451, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4333 (dated September 1974), which is incorporated herein by reference.
(Buncombe County Pin #9714-00-30-3214)

54. Deed from Fred Vaughn and wife, Ollie Vaughn, to Carolina Power & Light Company recorded on July 1, 1974, in Book 1102, Page 733, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4574 (dated November 1974), which is incorporated herein by reference.
(Buncombe County Pin #9714-00-40-5007)

55. Deed from Raymond H. Wallin and wife, Vera Wallin, to Carolina Power & Light Company recorded on July 24, 1974, in Book 1104, Page 250, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4163 (dated June 1974), which is incorporated herein by reference.
(Buncombe County Pin # _____)

LESS AND EXCEPT that certain tract or parcel of land previously conveyed from Carolina Power & Light Company to David L. Davis and wife, Marian E. Davis, by Deed recorded on May 27, 1999, in Book 2095, Page 169, Buncombe County Registry; said excepted tract or parcel of land being further shown and described on Carolina Power & Light Company Drawing No. L-D-4163 (dated June 1974), which is incorporated herein by reference.

56. Deed from Arnold White and wife, Nellene C. White, to Carolina Power & Light Company recorded on January 21, 1974, in Book 1093, Page 711, Buncombe County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4114 (dated June 1974), which is incorporated herein by reference.
(Buncombe County Pin #9703-00-63-9140)

57. (a) Deed from Jack E. Bailey and wife, Jessee T. Bailey, to Carolina Power &

Light Company recorded on May 14, 1974, in Book 117, Page 13, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3919 (dated February 1974), which is incorporated herein by reference.

(b) Deed from Andrew H. McDaniel and wife, Louise B. McDaniel, to Carolina Power & Light Company recorded on April 1, 1976, in Book 123, Page 472, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3919 (dated February 1974), which is incorporated herein by reference. (Madison County Pin #8793 07 7973)

LESS AND EXCEPT from that property described in the Andrew H. McDaniel, *et ux.* Deed above-referenced in subpart (b) that certain tract or parcel of land previously conveyed from Carolina Power & Light Company to Neal W. Klimek and wife, Judy M. Klimek, by Deed recorded on March 24, 1994, in Book 212, Page 87, Madison County Registry; said excepted tract or parcel of land being further shown and described on Carolina Power & Light Company Drawing No. L-A-8886 (dated September 1993), which is incorporated herein by reference.

58. Deed from Harry Baldwin and wife, Brenda G. Baldwin; and Doris Hensley Baldwin, unmarried, to Carolina Power & Light Company recorded on June 10, 1975, in Book 121, Page 133, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4329 (dated September 1974), which is incorporated herein by reference. (Madison County Pin # _____)

59. Deed from Marie Ponder Clark, widow, to Carolina Power & Light Company recorded on January 16, 1976, in Book 123, Page 28, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4328 (dated September 1974), which is incorporated herein by reference.
(Madison County Pin # _____)

60. Deed from James M. Ferguson and wife, Viola H. Ferguson, to Carolina Power & Light Company recorded on March 6, 1974, in Book 116, Page 374, Madison County Registry.
(Madison County Pin # _____)

Tract One and Tract Two described in the aforesaid Deed are further shown and described on Carolina Power & Light Company Drawing No. L-D-4331 (dated September 1974), which is incorporated herein by reference.

Tract Three and Tract Four described in the aforesaid Deed are further shown and described on Carolina Power & Light Company Drawing No. L-D-4330 (dated September 1974), which is incorporated herein by reference.

Tract Five described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4412 (dated November 1974), which is incorporated herein by reference.

Tract Six described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4397 (dated October 1974), which is incorporated herein by reference.

61. Deed from Porter Graham and wife, Doscia Graham, to Carolina Power & Light Company recorded on May 14, 1974, in Book 117, Page 20, Madison County Registry; said

property being further shown and described on Carolina Power & Light Company Drawing No. L-D-3946 (dated February 1974), which is incorporated herein by reference.
(Madison County Pin #8793 76 3921)

62. Deed from Cleone King, unmarried, to Carolina Power & Light Company recorded on April 15, 1975, in Book 120, Page 315, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4126 (dated June 1974 and revised March 1975), which is incorporated herein by reference.
(Madison County Pin #8793 76 3606)

63. Deed from Cleone King, unmarried; Helen K. Rice and husband, Rankin Rice; Irene K. Teague and husband, Houston Teague; and Janice K. Payne and husband, Reeves E. Payne, to Carolina Power & Light Company recorded on October 18, 1974, in Book 118, Page 496, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4098 (dated May 1974), which is incorporated herein by reference. (Madison County Pin #8794 60 5368)

64. Deed from Reagan J. Marler, widower, to Carolina Power & Light Company recorded on December 12, 1974, in Book 119, Page 209, Madison County Registry; said property said being further shown and described on Carolina Power & Light Company Drawing No. L-D-4293 (dated August 1974), which is incorporated herein by reference.
(Madison County Pin #8794 92 7550)

65. Deed from Sherman W. Ramsey, single, to Carolina Power & Light Company recorded on February 27, 1976, in Book 123, Page 294, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4327 (dated September 1974 and revised August 1975), which is incorporated herein by reference.
(Madison County Pin # _____)

66. Deed from Eugene Roberts and wife, Gladys Roberts, to Carolina Power & Light Company recorded on April 15, 1975, in Book 120, Page 312, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4326 (dated August 1974), which is incorporated herein by reference.
(Madison County Pin # _____)

67. Deed from Bryan Teague and wife, Ethel P. Teague, to Carolina Power & Light Company recorded on August 11, 1975, in Book 121, Page 524, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4185 (dated July 1974), which is incorporated herein by reference.
(Madison County Pin #8793 79 6582)

68. Deed from Frank Teague, single; Cleone King, unmarried; Doscia Graham and husband, Porter Graham; and Samantha R. Teague, widow, conveying their four-fifth (4/5th) undivided interest in said property to Carolina Power & Light Company recorded on August 15, 1975, in Book 121, Page 604, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4162 (dated June 1974),

which is incorporated herein by reference. (Madison County Pin # _____)

69. Deed from Samantha R. Teague, widow, to Carolina Power & Light Company recorded on November 21, 1974, in Book 119, Page 68, Madison County Registry. (Madison County Pin #8793 79 8221)

Tract One described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4127 (dated June 1974), which is incorporated herein by reference.

Tract Two described in the aforesaid Deed is further shown and described on Carolina Power & Light Company Drawing No. L-D-4057 (dated June 1974), which is incorporated herein by reference.

70. Deed from Hughes Treadway and wife, Shirley Treadway, to Carolina Power & Light Company recorded on June 18, 1975, in Book 121, Page 201, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4294 (dated August 1974), which is incorporated herein by reference. (Madison County Pin #8794 81 5707)

71. Deed from George Reed Teague and wife, Freda Teague, to Carolina Power & Light Company recorded on October 31, 1974, in Book 1110, Page 555, Buncombe County Registry and recorded on October 31, 1974, in Book 118, Page 547, Madison County Registry; said property being further shown and described on Carolina Power & Light Company Drawing No. L-D-4238 (dated July 1974 and revised October 1974), which is incorporated herein by reference. (Buncombe County Pin # _____; Madison County Pin # _____)

EXHIBIT B

GRANTOR'S EASEMENTS

RESERVATION OF TRANSMISSION EASEMENT

This Deed and conveyance of the Property is made SUBJECT TO AND RESERVING unto GRANTOR, its affiliates, successors, and assigns, the right, privilege, and easement to go in and upon Tract Nos. 4, 9, 25, 32, 47, and 60 of the Property as further described on **Exhibit A**, and to construct, install, operate, utilize, inspect, rebuild, repair, replace, remove, and maintain overhead and/or underground facilities consisting of electric, communication, or other related facilities (hereinafter sometimes collectively referred to as the "Facilities" or "facilities") within the Transmission Easement Area hereinafter defined, and together with the right to do all things necessary or convenient thereto, including the following:

(a) the right of officers, agents, and workmen of PEC and its contractors to go to and from said Transmission Easement Area at all times over Tract Nos. 4, 9, 25, 32, 47, and 60 of the Property by such route or routes, including private roads and ways then existing thereon, on foot or by conveyance, with materials, machinery, supplies, and equipment as may be desirable; provided that, existing roads and ways thereon shall be used to the extent that they afford ingress and egress to and from said Transmission Easement Area; and within the Transmission Easement Area, to construct, reconstruct, work upon, repair, alter, inspect and in general do any other thing necessary or convenient to maintain and operate said facilities for the purpose aforesaid;

(b) the right to install and maintain guys, anchors, grounding, counterpoise, and appurtenant devices, together with the right to install at the angle points of its overhead facilities guy wires and guy anchors outside of said Transmission Easement Area for the support of the structures of said overhead facilities;

(c) the right to clear, and keep cleared, from said Transmission Easement Area all structures (other than fences that existed prior to this easement with the understanding that such fences may be opened and re-closed or temporarily removed and replaced, or PEC may provide suitable gates therein so that PEC shall have unimpeded access along said Transmission Easement Area) and all trees, undergrowth, stumps, and roots, and to use: (1) lawful chemicals, (2) machinery, and (3) other forms of equipment and devices in so doing;

(d) the right to cut down at any time and from time to time, in PEC's discretion, any tree standing outside said Transmission Easement Area the length of which tree plus five (5) feet equals or exceeds the distance from the base of such tree (also known as a "danger tree") to the nearest overhead facility or to a point on the ground directly underneath the nearest overhead facility, and to cut and remove any limb or any part thereof from any tree standing outside said Transmission Easement Area when such limb or any part thereof protrudes or is likely to protrude into said Transmission Easement Area; and

(e) the right to construct, install, operate, utilize, inspect, rebuild, remove, and maintain structures, wires, cables, lines, conduits, markers, and other appurtenant devices in conjunction with said facilities with the right to intermingle and interchange the one with the other, and to alter, substitute for, and add other devices from time to time as PEC may deem advisable.

The Transmission Easement Area herein reserved unto GRANTOR is in three (3) segments, which are more particularly described as follows:

FIRST SEGMENT (affects Tract No. 9 of the Property):

The FIRST SEGMENT is triangular in shape, the northeastern edge of said FIRST SEGMENT being a northeastern property line of the Property, the southeastern edge of said FIRST SEGMENT being a southeastern property line of the Property, and the western edge of said FIRST SEGMENT being thirty-five (35) feet west of and parallel to a survey line in the vicinity of Station No. 306+20, said FIRST SEGMENT being further shown and described on Sheet No. 3 of Carolina Power & Light Company Drawing No. RW-D-7504 (dated October, 1985, revised 10-13-87), which is incorporated herein by reference.

SECOND SEGMENT (affects Tract Nos. 4, 25, 32, 47, and 60 of the Property):

The SECOND SEGMENT is seventy (70) feet wide, extending thirty-five (35) feet on each side of the following-described survey line: BEGINNING at point V1, as shown on the Drawing hereinafter referred to, being located in a northern property line of, now or formerly, French Broad Electric Membership Corporation and the southern property line of the Property; and runs thence North 21 degrees 12 minutes 31 seconds West approximately 3755 feet to point X1, on said Drawing, being located in the center of Sandymush Creek and being the county line between Buncombe and Madison Counties; and thence North 21 degrees 12 minutes 31 seconds West approximately 2720 feet to point Y1, on said Drawing, being located in a western property line of the Property and an eastern property line of, now or formerly, Garrett C. Ramsey, *et al.*, said SECOND SEGMENT being further shown and described on Sheet No. 4 of Carolina Power & Light Company Drawing No. RW-D-7504 (dated October, 1985), which is incorporated herein by reference.

THIRD SEGMENT (affects Tract No. 60 of the Property):

The THIRD SEGMENT is seventy (70) feet wide, extending thirty-five (35) feet on each side of the following-described survey line: BEGINNING at point A2, as shown on the Drawing hereinafter referred to, being located in a northern property line of, now or formerly, Ernest Snelson and the southern property line of the Property; and runs thence North 21 degrees 12 minutes 31 seconds West approximately 508 feet to point B2, on said Drawing, being located in a northern property line of the Property and a southern property line of, now or formerly, Harold L. Snelson, said THIRD SEGMENT being further shown and descried on Sheet No. 4 of Carolina Power & Light Company Drawing No. RW-D-7504 (dated October, 1985), which is incorporated herein by reference.

The aforesaid Sheets of said Drawing also show the respective complementing side lines going to make up the respective FIRST, SECOND, and THIRD SEGMENTS of said Transmission Easement Area.

In addition to those rights set out in paragraph (d) above commonly referred to as "danger tree" rights, PEC also reserves the right to cut "danger trees" along a northeastern property line of Tract No. 9 of the Property, which lies west of a survey line between Station Nos. 306+20 and 306+96, said area being further shown and described on Sheet No. 3 of Carolina Power & Light Company Drawing No. RW-D-7504 (dated October, 1985, revised 10-13-87), which is incorporated herein by reference.

It is understood and agreed by the parties that: (1) in the initial clearing of said Transmission Easement Area, any tree cut within said Transmission Easement Area and any danger tree, as defined in paragraph (d) above, cut outside said Transmission Easement Area shall belong to and may be removed by PEC, provided that if any tree is not removed by PEC within a reasonable period of time after being cut, then such tree shall belong to the GRANTEE; (2) after the initial clearing of said Transmission Easement Area, any tree cut shall belong to the GRANTEE; and (3) the above consideration includes payment for cutting and trimming all trees and no future compensation shall be paid by PEC for any trees cut or trimmed as defined in this easement.

GRANTEE shall have the right to use the Property over which said Transmission Easement Area and easement rights are hereby reserved for all purposes not inconsistent with

said easement rights, the National Electrical Safety Code, PEC specifications, and any federal, state, or local law, rule, or regulation; provided that PEC and GRANTEE agree that: (1) notwithstanding anything to the contrary herein, GRANTEE shall give written notification to PEC and GRANTEE shall obtain written approval from PEC prior to any activity as defined in items (2)–(6) of this paragraph; (2) the clearance between any overhead facilities and the surface of the ground shall not be reduced by grading or any other work and any slopes within said Transmission Easement Area shall be no greater than a one to four (1:4) ratio; (3) if streets, roads, or water or sewer lines are constructed across said Transmission Easement Area, they shall be located at an angle of more than forty-five (45) degrees between the center line of said streets, roads, or water or sewer lines and the center line of said Transmission Easement Area, and shall be located more than thirty (30) feet from any structure or anchor installed by PEC, and outside limit of any cut or fill shall be more than thirty (30) feet from said structures or anchors; (4) future fences shall not exceed eight (8) feet in height and have minimum twelve (12) foot wide gate(s) installed by GRANTEE so that PEC can have unimpeded access along said Transmission Easement Area; (5) if, under limited circumstances and pursuant to PEC conditions and/or specifications, GRANTEE desires to install future improvements such as temporary or movable buildings or sheds, trailers, billboards, signs, street or area lights, hunting stands, recreational facilities, parking, landscaping, dumpsters, garbage, trash, uprooted stumps, boulders, rubble, flammable materials, building materials, junk or inoperable vehicles, satellite signal receiver systems, erosion control, ponds, or storage facilities within said Transmission Easement Area, then the requested improvements shall not adversely affect, in PEC's sole discretion, the access to, safety, construction, reconstruction, operation, or maintenance of PEC's facilities and PEC shall not be liable for damages to said future improvements installed within

said Transmission Easement Area; (6) GRANTEE shall not do anything to: (a) interfere with PEC's access or maintenance to its facilities, or (b) endanger the safety of GRANTEE, PEC, or the general public; (7) under no circumstances shall permanent or immovable buildings, mobile homes, wells, septic tanks and/or related drainfields, swimming pools, absorption pits, air strips, underground vaults, burial grounds, or burning be allowed upon or within said Transmission Easement Area; (8) PEC reserves the right to construct future Facilities within said Transmission Easement Area and GRANTEE shall not interfere with or object to the construction of said future Facilities; and (9) all Facilities installed by PEC shall be and remain the property of PEC and may be removed by it at any time and from time to time.

PEC agrees that it shall be responsible for actual damages to improvements that existed prior to this easement, improvements outside the Transmission Easement Area that are installed subsequent to this easement, and annual crops of GRANTEE both inside and outside said Transmission Easement area on the Property caused by the construction, installation, operation, utilization, inspection, rebuilding, removal, and maintenance of said facilities, and in going to and from said Transmission Easement Area, and shall be responsible for the breakage caused to any bridge and any damage to any road, due to heavy hauling to and from said Transmission Easement Area, if claim is made within one hundred twenty (120) days after such damages are sustained.

TO HAVE AND TO HOLD said rights, privilege, and easement unto PEC, its affiliates, successors, and assigns, so long as PEC maintains its Facilities. If said Facilities are removed for a continuous period of twelve (12) months, then the Transmission Easement Area and easement rights herein reserved shall be deemed abandoned.

RESERVATION OF DISTRIBUTION EASEMENT

This Deed and conveyance of the Property is made further SUBJECT TO AND RESERVING unto GRANTOR, its affiliates, successors, and assigns, the right, privilege, and easement to go in and upon the Property as further described on **Exhibit A**, and to construct, maintain, and operate electric and/or communication facilities thereon consisting of poles, cables, wires, guys, anchors, underground conduits, enclosures, and other pertinent facilities within the Distribution Easement Areas hereinafter described, together with the right to do all things necessary, including, but not limited to the following:

(a) the right to enter said Distribution Easement Areas at all times over the Property to inspect, repair, maintain, and alter said facilities;

(b) the right to keep said Distribution Easement Areas cleared of trees, shrubs, undergrowth, buildings, structures, and obstructions;

(c) the right to trim or cut any tree adjacent to said Distribution Easement Areas that may, in the opinion of PEC, endanger the overhead facilities or hinder the maintenance, operation, and use of the same; and

(d) the right to install at the angle points of the overhead facilities, guy wires and anchors outside of said Distribution Easement Areas.

The Distribution Easement Areas herein reserved unto GRANTOR are thirty (30) feet wide, extending fifteen (15) feet on each side of the center line of any existing electric line currently located on the Property.

It is understood and agreed by the parties that: (1) the facilities installed by PEC shall be and remain the property of PEC and may be removed by PEC at any time and from time to time; (2) GRANTEE reserves the right to use the Property for all purposes not herein reserved to PEC; (3) PEC agrees that it shall pay the actual damages to the Property caused by the construction, operation, maintenance, inspection, rebuilding, relocation, addition, and removal of said facilities (unless the changes to PEC facilities are requested by GRANTEE, its successors or assigns, in

which case PEC shall not be responsible for any damages incurred in performing such changes) and in going to and from said facilities and shall repair any damage to any road due to heavy hauling to and from said facilities; and (4) this reservation is made subject to the condition that PEC shall properly obtain all necessary permits required by State and Federal law. Failure to obtain such permits in a timely manner shall be deemed an abandonment of the Distribution Easement Area(s) associated with such failure and such specifically related easement rights thereto.

TO HAVE AND TO HOLD the aforesaid right, privilege, and easement unto PEC, its affiliates, successors and assigns, for so long as PEC maintains said facilities for public use and no longer. If said facilities are not operated at any Distribution Easement Area(s) for a continuous period of twelve (12) months, then such Distribution Easement Area(s) and such specifically related easement rights thereto shall be deemed abandoned.

EXHIBIT C

PERMITTED ENCUMBRANCES

- All real and personal property taxes and assessments accruing after the date of this Deed;
- All present and future environmental and zoning laws, ordinances, resolutions, orders, and regulations of all municipal, county, state, or federal governments having jurisdiction over the Property and the use thereof;
- All building codes, regulations, ordinances, and restrictions heretofore or hereafter adopted by a public agency, insurance and rating codes and regulations, and any other laws, regulations, or ordinances affecting the Property or its use adopted by any authority having jurisdiction over the Property and the use thereof;
- Any and all utility easements, rights of way, leases, public transportation rights (including road and railroad rights and easements), and other encumbrances of record affecting the Property;
- Agricultural or farm leases of portion(s) of the Property that have not been terminated prior to the date of this Deed;
- Rights of others in and to the continued uninterrupted flow of any creeks or streams crossing the Property;
- All matters that would be revealed by a current survey of the Property; and
- GRANTOR's Mortgage and Deed of Trust, dated May 1, 1940, as supplemented, to which GRANTOR is entitled to and will obtain a release for said Property from said lien within 120 days after the date this Deed is delivered to GRANTEE. The GRANTOR's Mortgage and Deed of Trust shall be released within one hundred twenty (120) days after the date this Deed is delivered to GRANTEE.
- That certain Indemnification Agreement respecting the release of the herein described Mortgage and Deed of Trust shall survive the delivery and closing of this Deed.

EXHIBIT D

DECLARATIONS AND RESTRICTIONS

The GRANTEE, State of North Carolina, sets aside, declares, reserves and recognizes, for all related State Agencies, and for the benefit of the people of the State, a perpetual riparian buffer on the Property, hereinafter identified as the "Restricted Area". The Restricted Area extends outwardly 300' (Three Hundred Feet) from both sides of the top of bank of Sandy Mush Creek, including all associated stream channels, creeks, rivers and all other identified tributaries. The Restricted Area also applies to any and all identified or defined wetlands on the Property. The Restricted Area as defined herein is subject to the restrictions set forth on this **Exhibit D** and will be forever conserved and managed in a manner that will improve and protect the quality of the waters of the Sandy Mush and Turkey Creeks, and otherwise promote the public purposes authorized under the provisions of N.C. General Statute § 143-214.8.

EXCEPTION TO DECLARATIONS AND RESTRICTIONS

The GRANTEE, State of North Carolina, and the N.C. Ecosystem Enhancement Program acknowledge and agree that the GRANTOR's Easements are hereby excepted from these Declarations and Restrictions and that the GRANTOR's Easements and all rights, privileges, and easements reserved unto GRANTOR in this Deed shall not be subject to, burdened, abridged, limited, restricted, prohibited, or otherwise affected in any manner by these Declarations and Restrictions.

PURPOSES OF RESTRICTIONS

The purposes of these restrictions are to maintain, restore, enhance, create and preserve wetland and/or riparian resources within the Restricted Area that contribute to the protection and improvement of water quality, flood prevention, fisheries, aquatic habitat, wildlife habitat, and recreational opportunities; to maintain permanently the Restricted Area in its natural condition, consistent with these purposes; and to prevent any use of the Restricted Area that will significantly impair or interfere with these purposes. To achieve these purposes, the following conditions and restrictions are set forth:

RESERVED USES AND RESTRICTED ACTIVITIES

A. Motorized Vehicles. Usage of motorized vehicles in the Restricted Area is prohibited, except as they are used exclusively for management, maintenance, or stewardship purposes, and on existing trails, paths or roads for the purposes recited above.

B. Vegetative Cutting. Except as related to the removal of non-native plants, diseased or damaged trees, and vegetation that obstructs, destabilizes or renders unsafe the Restricted Area to persons or natural habitat, all cutting, removal, mowing, harming, or destruction of any trees and vegetation in the Restricted Area is prohibited.

C. Industrial, Agricultural, Residential and Commercial Uses. All are prohibited in

the Restricted Area.

D. New Construction. There shall be no building, facility, mobile home, antenna, utility pole, tower, or other structure constructed or placed in the Restricted Area.

E. Roads and Trails. There shall be no new construction of roads, trails, walkways, or paving in the Restricted Area. Existing roads or trails located in the Restricted Area may be maintained in order to minimize runoff, sedimentation and for access to the interior of the Property for management, maintenance, stewardship purposes, or undeveloped recreational and educational uses of the Restricted Area. Existing roads, trails or paths may be maintained with loose gravel, soil, or permanent vegetation to stabilize or cover the surfaces.

F. Signs. No signs shall be permitted in the Restricted Area except interpretive signs describing restoration activities and the conservation values of the Restricted Area, signs identifying the owner of the Property, signs giving directions, or signs prescribing rules and regulations for the use of the Restricted Area may be allowed.

G. Dumping or Storing. Dumping or storage of soil, trash, ashes, garbage, waste, abandoned vehicles, appliances or machinery, or other material in the Restricted Area is prohibited.

H. Grading, Mineral Use, Excavation, Dredging. Unless related to approved restoration activities, there shall be no grading, filling, excavation, dredging, mining, or drilling within the Restricted Area.

I. Water Quality and Drainage Patterns. Unless related to approved restoration activities, there shall be no diking, draining, dredging, channeling, filling, leveling, pumping, impounding or diverting, causing, allowing or permitting the diversion of surface or underground water in the Restricted Area. No altering or tampering with water control structures or devices, or disruption or alteration of the restored, enhanced, or created drainage patterns. Any use of pesticide or biocides is prohibited. In the event of an emergency interruption or shortage of all other water sources, water from within the Restricted Area may temporarily be used for good cause shown as needed for the survival of livestock and agricultural production.

J. Subdivision and Conveyance. No further subdivision, partitioning, or dividing of the Restricted Area is allowed.

K. Disturbance of Natural Features. Any change, disturbance, alteration or impairment of the natural features of the Restricted Area or any intentional introduction of non-native plants, trees and/or animal species is prohibited.

L. Restoration Activities Are Permitted. Includes but not limited to planting of trees, shrubs and herbaceous vegetation, installation of monitoring wells, utilization of heavy equipment to grade, fill, and prepare the soil, modification of the hydrology of the site, and installation of natural and manmade materials as needed to direct in-stream, above ground, and

subterraneous water flow according to a restoration plan as provided, contracted, or managed by the N.C. Ecosystem Enhancement Program.

M. Permission. Permission to vary from the above restrictions may be granted by the N.C. Ecosystem Enhancement Program for good cause shown, provided that any such request is consistent with the purposes of these Restrictions. Permission and approval to vary must be obtained in writing from the N.C. Ecosystem Enhancement Program, whose mailing address is 1652 Mail Services Center, Raleigh, NC 27699-1652.

N. Enforcement. The right of enforcement of these Restrictions is hereby granted to and vested entirely with the N.C. Ecosystem Enhancement Program, its successors and assigns. The GRANTOR is not reserving any right of enforcement in these Declarations or Restrictions or any other right, title or interest in the Property, except for the GRANTOR's Easements or as otherwise set forth in this Deed.